Austria	Sch30	Indonesia	Rp3800	Pakistan	Rs35
Bahrain	Din1.000	Iran	Rls210	Philippines	Pso45
Belgium	BFr60	Israel	Shk5.00	Poland	Zl 13,000
Cyprus	CC1.00	Italy	L2500	Portugal	Es180
Czech	Kcs35	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr14	Korea	Won 2500	S.Arabia	SR9.00
Egypt	E£4.00	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM10	Lebanon	L£1,250	Spain	Pta200
France	FFr8.00	Lux	LFr60	Sweden	SKr14
Germany	DM3.30	Morocco	MDh11	Switz	SFr3.00
Greece	Dr250	Neth	Fl 3.50	Thailand	Bht50
Hungary	Ft162	Nigeria	Naira20	Tunisia	Din1.000
Iceland	IKr180	Norway	NKr15.00	Turkey	L6000
India	Rs20	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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Friday February 21 1992

D 8523A

THAILAND

Airline price tag causes surprise

Page 20

World News

UN report blasts Iraqi human rights violations

Human rights violations by the present Iraqi regime are so serious and widespread that *there have been few parallels* since the Second World War, a UN report says.

Its author, former Dutch foreign minister Max van der Stoel, said exceptional measures were needed and urged the dispatch of special monitors to Iraq. "Scarcely a day passes without executions or hangings", he said. "In such a situation, mere condemnations are not enough." Page 4

Truce call in enclave

The foreign ministers of Armenia and Azerbaijan issued a joint statement calling for an immediate ceasefire in the disputed enclave of Nagorno Karabakh. The call came after eight hours of talks in Moscow.

Rape victim appeal

The parents of a 14-year-old Irish rape victim appealed to the Supreme Court against a ban on her seeking an abortion in Britain. The state is to pay the family's costs. MEPs to debate abortion row, Page 2

Move on Honecker

Russia is to let ailing former East German Communist leader Erich Honecker leave *his* refuge in the Chilean embassy and go to a Moscow hospital.

Hong Kong protest

Angry depositors of the Hong Kong arm of Bank of Credit and Commerce International scuffled with police during a demonstration outside the residence of the British colony's governor. The crowd was demanding an inquiry into the fate of BCCHK.

Punjab poll

India's ruling Congress party won elections to the state assembly of troubled Punjab after the Sikh majority boycotted the polls. Congress was also set to win 12 of Punjab's 13 parliamentary seats. Page 4

FT wins award

The Financial Times has been named newspaper of the year in annual awards made by an independent British television company. Page 11

Blackmailer jailed

German boxing promoter Eberhard Thust was sentenced to three years in jail for blackmailing the father of tennis star Steffi Graf over an affair with a model.

Labour's health pledge

Britain's opposition Labour party pledged to abolish the government's National Health Service reforms. Page 11

Chinese dissident sues

Dissident philosopher Guo Luoji, 60, is suing a senior Chinese government official, alleging political persecution. Guo claims he was persecuted for criticising Chinese leaders and refusing to support the army's suppression of the 1989 pro-democracy protests.

Spanish bomb kills 2

Two civilians died and 21 were injured when a car bomb exploded in the northern Spanish city of Santander on Wednesday night. The attack had the hallmarks of ETA, the Basque separatist group.

Business Summary

UK cabinet prepares for expansionary budget

The British cabinet gave the go-ahead for an expansionary pre-election budget against the backdrop of the longest UK recession since the second world war and an opinion poll *showing the* opposition *Labour* party with a 4-point lead over the ruling Conservatives.

John Major, the prime minister, hinted at a significant increase in public borrowing *to fund the tax cuts expected* in the March 10 budget. Page 18 and Lex

NESTLE may consider mounting a counterbid to the Agnelli family's FFr5.6bn ($1bn) offer for Exor, the controlling shareholder in Perrier for which Nestlé is making a FFr13.42bn *hostile bid. Page 19*

TOSHIBA became the latest Japanese electronics company to issue a sharply lower profits forecast thanks to the worsening market for semiconductors, computers and communication equipment. Page 19

GLAXO, *Europe's largest pharmaceuticals* group, demonstrated the sector's strength *by announcing strong interim* results and a 41 per cent dividend increase. Page 19; Lex, *Page 18*

FUJITSU operations in the US and Europe will come under the direct control of ICL, the Japanese electronics group's UK-based subsidiary, later this year. Page 19

MAXWELL: Accountants *unravelling the pension fund* transfers of Bishopsgate Investment Management, the pen*sions vehicle at the centre of* the collapsed Maxwell empire, have safeguarded £237m *($415m) of the estimated £695m* in assets it held. Page 21

ROUBLE: *Russian government* officials said the rouble could reach Rbs50 to the dollar by *the end of April as the currency* rose sharply. Page 18

ALLIANZ, Europe's largest insurance company, is planning to raise more than DM1bn ($6bn) through a rights issue of new shares and profit-participating certificates. Page 21

ROYAL DUTCH SHELL, Anglo-Dutch oil company, increased *its dividend by only 4 per cent* to 20.9p after reporting a slight drop in profits for last year. *Page 19; Lex, Page 18*

BMW/ROLLS ROYCE, joint venture between the German carmaker and the UK aero-engine group, is in talks with Motoren und Turbinen Union on possible development of an engine for regional jets. Page 5

STEETLEY, UK building materials group fighting a £639m ($1.2bn) hostile bid, launched an attack on Redland aimed at undermining faith in its assailant's record. Page 26; Lex, Page 18

TAIWAN: *European Chamber* of Commerce in Taiwan expressed concern to the *island's central bank about* a freeze on the inflow of foreign funds for investment in equities. Page 4

ANGLO-JAPANESE consortium led by Balfour Beatty won the contract to draw up a masterplan study for a £2bn ($3.5bn) airport in Malaysia. Page 5

South African president will quit if he loses referendum on political reforms

De Klerk gives poll ultimatum

By Philip Gawith in Johannesburg

PRESIDENT F. W. de Klerk yesterday confronted South African whites with a stark choice of continuing with his political reforms or facing his resignation.

In an attempt to seize the *political initiative after his* National party suffered a crushing by-election defeat at *the hands of the rightwing* Conservative party, he announced plans for an early *whites-only referendum* on political reform and said he would resign if the vote failed *to go his way.*

His move amounts to a challenge to the Conservative party to muster widespread opposition to the reform programme, which has led to the current multi-party negotiations on a constitution which will permit one-person one-vote elections.

The National and Conservative parties had elevated Wednesday's Potchefstroom *by-election to the status of* a barometer of the views of white voters on constitutional *change.* The CP turned a 1989 NP majority of 1,583 into a 2,140-vote defeat, a result which allowed it to claim that it was now the party which spoke for the majority of whites.

Bold De Klerk turns tables on the right ....Page 4
Editorial comment..Page 16
World stocks ....Page 40

Mr de Klerk said it had become crucial to decide "whom white voters wish to *entrust with negotiations on* South Africa's constitutional future".

"If I lose the referendum, I will resign, the government will resign and there will be an election," he said. "It's a question of honour."

The referendum will be held before the end of next month. Mr de Klerk said blacks should not view it as a white veto on political reform, but conceded that democracy talks could be derailed if he lost.

Mr Andries Treurnicht, leader of the CP, said the party accepted the referendum challenge "*on condition . . . that the* playing field is level".

He insisted on equal access to state-controlled radio and television and a say in drafting the text of the question to be posed in the referendum.

The African National Congress (ANC), which is negotiating a new constitution with the government, condemned the notion of a whites-only referendum as racist and said the poll would delay reform.

South African financial markets fell steeply *following* Mr de Klerk's announcement as the potential implications of *the referendum struck home.*

The government will announce next week the date of the referendum, and the question to be asked.

The National and Conservative parties elevated the Potchefstroom by-election to the status of a barometer of the views of white voters on constitutional change. The CP's commanding victory allowed it to claim that it was now the party which spoke for the majority of whites.

Mr de Klerk appears to be playing a high-risk game. Estimates suggest the NP holds a *60-40 advantage over the CP.* However, observers agree that the CP would certainly win the election if it managed to gain victory in a referendum.

Israeli push into Lebanon condemned

By Hugh Carnegy in Jerusalem

THE secretary-general of the United Nations yesterday called on Israel to withdraw its forces immediately from the zone policed by UN peacekeeping forces in southern Lebanon.

The plea from Mr Boutros Boutros Ghali came hours after Israeli armour pushed aside UN peacekeepers and fought bloody battles to occupy a hill beyond Israel's "security zone" in Lebanon in a widening effort to wipe out *Shia Moslem* forces.

About 350 Israeli soldiers,

Rabin win recalls Labour glory days ....Page 4

backed by 17 tanks, bulldozers and helicopter gunships, seized the villages of Yater and Kafra in southern Lebanon where they blew up buildings and searched for rockets.

Israeli leaders said the action was intended to stop Hizbollah firing its Katyusha rockets at Israel and its security zone. Guerrillas in southern Lebanon began firing rockets into northern Israel shortly after the assassination by Israeli forces on Sunday of Sheikh Abbas Musawi, leader of Hizbollah (Party of God). Military officials said about 100 rockets had been launched by yesterday evening, with five landing inside Israel during the day without causing casualties.

In Washington, the State Department said it was "deeply concerned about the renewed cycle of violence in southern Lebanon".

Mrs Margaret Tutwiler, department spokeswoman, said: "We have made high-level démarches to those involved to urge the exercise of maximum restraint in order to bring the violence to an end. We have made those démarches to Israeli officials, Syrian officials, and Lebanese officials."

Mrs Tutwiler said the US had received assurances from all parties that they would arrive for a scheduled third round of Middle East peace talks due to open in Washington on Monday, in spite of the armoured Israeli thrust.

Yesterday, Israeli forces broke through barriers manned by troops of the UN Interim Force in Lebanon (Unifil). At least four Lebanese militiamen and three Israeli soldiers were reported killed in the fighting, the fifth successive day of clashes between the two sides. Four UN soldiers from Fiji and a number of militiamen and Israelis were wounded in fierce action which went on for much of the day.

Unifil troops from Ireland, Finland, Fiji and Nepal erected a roadblock and grappled with Israeli soldiers in an attempt to halt the advance. But Israeli bulldozers and tanks smashed a path through them.

The UN secretary-general said he viewed the Israeli action with "grave concern". He ordered Mr Marrack Goulding, under-secretary general in charge of peacekeeping, to summon Israel's UN ambassador to receive a protest note.

Mr Yitzhak Shamir, the Israeli prime minister, said the troops would remain in their new positions for only a limited time.

Israel launched a full-scale invasion of Lebanon in June 1982 designed to wipe out Palestine Liberation Organisation guerrillas who had attacked Israel from Israeli territory for several years. Since the army withdrew to the present security zone in 1985, ground forces have occasionally struck north against specific targets.

On the offensive: Israeli troops in an armoured personnel carrier patrol along the border with southern Lebanon

Germany is not in recession, says Ifo

By Quentin Peel in Bonn

THE GERMAN economy is not in recession, in spite of three consecutive quarters of contraction, according to the highly respected Ifo economic institute in Munich.

The chances are that Germany will avoid the full extent of the downturn being experienced in other industrialised countries, and start to recover from the middle of the year, Ifo's researchers conclude.

The current downturn amounts to a cyclical weakening, but it looks worse than it is because it includes a technical correction from the extra ordinary economic expansion in the first quarter of 1991, according to the latest assessment by the institute.

Its cautiously optimistic forecast, however, coincided with a renewed stern warning from the Bundesbank that no relaxation in monetary policy could be expected in the near future.

The central bank's governing council yesterday took no action on interest rates at its fortnightly meeting, but later Mr Otmar Issing, a full board director, warned businessmen in Duisburg that the 4 per cent rate of inflation remained "highly unsatisfactory".

Every additional burden on public spending which was not matched by a reduction in state consumption and subsidies "must endanger the further economic development and stability in Germany, and

Continued on Page 18

Porsche runs at high speed into a management crisis

By John Griffiths in London

PORSCHE, the German sports car manufacturer struggling to prop up sales and preserve its exclusive image, last night appeared to be heading for a management crisis with its most senior figures undecided about who should be at the wheel.

Dr Arno Bohn, chief executive of the Stuttgart company's management board, effectively threatened to resign next Friday unless he is given a vote of confidence by the supervisory board.

His ultimatum followed a board meeting yesterday which failed to muster the two-thirds majority needed to endorse the extension. of his contract beyond the end of *this* year.

The supervisory board met as it became clear that Dr *Wolfgang Reitzle, research and* development director of executive carmaker BMW – and *heir apparent to BMW's 63*-year-old management board chairman, Dr Eberhard von *Künheim* – had decided not to accept an offer, believed to have come from Dr Ferdinand Porsche, chairman of the Porsche supervisory board, to take over from Dr Bohn.

Dr Reitzle is understood to have been offered both a generous salary and a personal shareholding of up to 5 per cent in Porsche, in exchange for steering the carmaker through a maze of troubles.

Some 4,000 Porsche workers are being put on short time, after a slump in 1991 sales to 26,200 – 4,000 down on 1990, and little more than half the 50,000 vehicles sold in Porsche's peak year of 1986.

Most ominously, sales in the US – the world's single most important prestige car market – *plunged below 5,000 last* year, only one-sixth the level of the mid-1980s. Dr Bohn has *already warned that unit sales* will drop further to around 25,000 in 1991-92.

At the same time Porsche has encountered mounting criticism for failing to invest adequate finance and other resources in new model ranges.

despite reaping big profits from the 1980s boom and the challenge to its position from Japanese manufacturers.

Last month, Dr Bohn announced that the company was shelving previous plans to build a new, expensive four-seat model and would concentrate instead on a cheaper two-seater.

Some industry analysts believe its response may prove too little and too late to avert an independence-threatening crisis.

Control of the company is shared between the Porsche and *Piech families*, who between them control all the company's ordinary shares and *40 per cent of its preferred* stock.

German industry analysts *yesterday saw little long-term* attraction in the Porsche offer for BMW's research and devel*opment director*, in the absence of any unstated strategic plans to link BMW and Porsche at some time in the future.

Weekend FT

Tomorrow: The pregnant mother's challenge to the Church of England

●

International recession: what it means for investors

CONTENTS

Economic reform on the agenda may mean changes in China

Veteran Chinese leader Deng Xiaoping's views on economic reform are reported to be circulating among the bureaucracy in Beijing. It is far from clear whether this will mean change. Page 4

MARKETS

STERLING
New York lunchtime:
$1.754
London:
$1.7505 (1.7515)
DM2.8825 (2.885)
FFr9.8025 (9.8125)
SFr2.6075 (same)
Y225.0 (224.75)
£ index 90.6 (90.7)

GOLD
New York Comex Apr
$354.7 (354.5)
London:
$353.4 (353.3)

N SEA OIL (Argus)
Brent 15-day Apr
$17.75 (17.475)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.645
FFr5.5945
SFr1.4855
Y128.6
London:
DM1.647 (same)
FFr5.60 (5.6025)
SFr1.49 (1.489)
Y128.55 (128.35)
$ index 64.2 (64.1)
Tokyo close: Y128.6

US LUNCHTIME RATES
Fed Funds: $4\frac{1}{8}$%
3-mo Treasury Bills:
3.96%
Long Bond:
101
yield: 7.91%

STOCK INDICES
FT-SE 100: Yield 4.84
2,543.4 (+6.7)
FT-A All-Share:
1,220.01 (+0.3%)
FT-SE Eurotrack 100:
1,149.62 (+9.53)
New York lunchtime:
DJ Ind. Av.
3,270.13 (+39.81)
S&P Comp
412.27 (+4.01)
Tokyo: Nikkei
20,771.92 (+153.62)

LONDON MONEY
3-month interbank:
$10\frac{1}{4}$% ($10\frac{1}{4}$%)
Liffe long gilt future:
Mar $97\frac{27}{32}$ (Mar $97\frac{3}{4}$)

Kravchuk uses reform needs to boost powers

By Chrystia Freeland in Kiev

UKRAINIAN President Leonid Kravchuk, citing the urgent need to implement economic reforms, yesterday won preliminary parliamentary approval for widely expanded presidential powers.

The legislation is likely to strengthen Mr Kravchuk's hand in increasingly bitter disputes with Russia by bringing the historically Russified regions of eastern Ukraine more firmly under his control.

A slim majority of Ukrainian MPs yesterday endorsed the first reading of a bill creating a centralised, prefectural administrative system with presidential representatives in each Ukrainian region. They will be empowered to enforce presidential and parliamentary decrees on local governments and enterprises.

"I support the introduction of a presidential system," said Ms Larysa Skoryk, a radical nationalist deputy. "There is no other way of breaking through the regional Communist party *apparat*."

Ms Skoryk's support is another sign of the growing alliance between nationalist forces and the ex-Communist president. It could be strengthened further this weekend when Mr Kravchuk meets with opposition parties to discuss the formation of a national unity cabinet which would be more able to implement radical economic reform than the current conservative government.

Such a cabinet would also likely be more firmly committed to asserting Ukrainian independence in confrontations with Russia over military and economic issues.

These disputes have troubled western observers. Yesterday, US defence department officials visited their Ukrainian counterparts to seek guarantees about the safety of nuclear weapons stationed on Ukrainian territory and about Ukraine's plan to dismantle or remove the weapons by 1992.

● The Ukrainian position on repaying the former Soviet debt received a boost yesterday from Dr Erhard Busek, the Austrian vice-chancellor, who said in Kiev that Austria was pleased with Ukraine's offer to pay its share of the foreign debt independently and to take on some of the debt of the smaller republics.

Dr Busek predicted that the Ukrainian position would be accepted by the Paris Club of creditors.

AP-DJ reported yesterday that the Paris Club will discuss setting a date for talks with Ukraine when it meets privately next week.

Moscow seeks help to pay cost of industrial conversion

Millions of jobs now depend on turning swords into ploughshares, writes Leyla Boulton

CONVERSION of the former Soviet Union's huge defence industry to civilian output used to be just a slogan until the overthrow of the Soviet system last year. Now it is a means of survival for thousands of factories whose military orders have been slashed by a penniless government committed to market reforms.

A chart in the office of Mr Nikolai Bazhanov, chairman of Russia's Conversion Committee, lists the various areas of civilian production he wants defence plants to switch to – ranging from meat processing to business computer systems.

The problem is that the state cannot afford to turn swords to ploughshares on its own. That is why his 200-strong committee is also available to match foreign investors with enterprises seeking to convert. At stake is the salvation of Russia as an industrial power, and the livelihood of millions of people employed the sector.

A vague law setting out the legal foundations for conversion – such as workers' right to unemployment benefits if they are laid off – passed its first reading in parliament last week. But as Mr Igor Artiukh, one Moscow defence factory manager put it: "We don't need a piece of paper, we need money." According to Mr Bazhanov, for every rouble or dollar cut from making missiles or guidance systems, another one and a half needs to be spent on converting such capacity to make refrigerators or television sets.

While slashing defence procurement to just 13 per cent of last year's level, the 1992 budget allocates Rbs10bn, or 2 per cent of total spending, to conversion. According to Mr Bazhanov, this is not enough.

"The problem is the government wants a deficit-free budget," he complains.

Mr Artiukh, who also heads Moscow's association of industrialists, warns that 700,000 people out of the 900,000 employed by the defence industry in the capital alone could lose their jobs unless factories find alternative sources of financing to switch production.

Prof Alexander Smirnov, from the Rotor group which specialises in missile navigation systems, says it can just about pay its 3,500 scientists a minimal salary of Rbs2,000 ($20) a month but needs work to keep them busy.

This does not mean that managers like him are not already trying to help themselves. They argue with conviction that Russia's cheap but skilled labour force, abundant raw materials, and remarkable technological capabilities need only to be harnessed to outside capital to save an elite industrial and scientific base.

Mr Smirnov is discussing with the UK Consumers' Association the possibility of using existing facilities to set up a testing laboratory for consumer products. While dreaming of more sophisticated projects, he would also like to find a foreign partner to develop cash-dispensing machines for the Russian market.

Apart from offering advanced technologies using microwave energy, Mr Artiukh's enterprise, Toriy, is looking for a foreign partner to mass-produce microwave ovens. Mr Artiukh says that while South Korea produces 12.5m ovens a year, monthly wages there are $600; he pays his workers Rbs2,000-Rbs3,000 ($20-$30).

The list of obstacles on the path to conversion is also familiar: a non-convertible currency, monopolistic domestic suppliers, unpredictable behaviour by the state, not to mention still unfavourable conditions for investors. Most can and must be rectified by the government, which is sorting out conditions for foreigners to take part in privatisation auctions, and other issues such as land ownership.

Other problems will require far-sighted goodwill on the part of the international community. The US has announced it will spend $25m for a job centre for redundant Soviet scientists. But without investment in, and international co-operation, for real projects to occupy these scientists, such goodwill will not go very far.

Honecker to enter hospital in Moscow

By David Lloyd in Moscow

MR Erich Honecker, the former leader of East Germany, is to be allowed to leave the Chilean embassy to be treated in a Moscow hospital, according to diplomats at the German embassy.

They said the Russian government had told the Chilean ambassador, a friend of Mr Honecker, that "there would be no problems" about allowing him to go into hospital. Yesterday the Russian foreign ministry confirmed the report.

Mr Honecker, who is 79, has been in the embassy for two and a half months, following a demand from the German government that he be sent back to face charges of ordering the shooting of refugees to the west.

His wife, Margot, says he has cancer and kidney problems, which Chilean diplomats say are worsening.

Demoralised Red Army turns to sociologists

By Leyla Boulton in Moscow

BESIEGED by nationalistic republics and plunging living standards, the Red Army is redeploying lawyers and sociologists within its ranks to help soldiers with pressing social problems.

Major-General Nikolai Stolyarov, a former Communist party liberal, said yesterday his committee for work with military staff had substituted the professionals for the old communist commissars – the political officers responsible for everything from ideological rectitude to military welfare.

Although he said it was too early for army chaplains, the general disclosed that the Pentagon had promised to supply Russian-language bibles, while scientific atheism courses had been replaced by classes on the history of religion.

His answers to questions about Ukraine's decision to demand an oath of allegiance from forces stationed on its territory illustrated the stiff challenge facing the army's top brass.

On the one hand, Maj-Gen Stolyarov had to recognise the right of sovereign republics to create their own armies. On the other, he warned of the dangers of undue haste in breaking up a formidable fighting-machine.

He said he could not condemn the decision by officers from strategic forces based in the Ukraine – which are supposed to be under joint Commonwealth command – to swear allegiance to the southern republic.

"What awaits them in Russia? Nothing, there are no apartments for them."

Nor could he say to which motherland officers now owed their allegiance. "We will find a motherland," he said.

MEPs to enter row over Irish abortion

By Andrew Hill in Brussels

THE EUROPEAN Parliament's legal affairs committee is to debate the Irish court decision to prevent a 14-year-old rape victim having an abortion in the UK, as pressure grows for the ban to be challenged under EC law.

Mr Willy Rothley, the German socialist MEP and vice-chairman of the committee, described the ban - which has reopened the fierce debate on abortion in Ireland - as "an act of barbarism". The legal affairs committee will discuss the ruling next week to find out whether it can be overturned by the European Court of Justice.

Legal advisers are already preparing a report on the issue for the European Parliament's women's rights committee.

MEPs are concerned that the judgment might contravene EC obligations on the free movement of people and services in the Community. "The free movement of citizens is a fundamental principle of the Community," said Mr Rothley. The Irish High Court said in its ruling that the treaty obligations could be overruled in this case because of "public policy" considerations.

The European Commission said yesterday that the case did not appear to fall under EC jurisdiction, but added that the Commission was awaiting a definitive legal opinion.

Concerns have also been voiced that Irish liberals may vote against ratification of the Maastricht treaty on political and economic union.

The text includes a special protocol promising that EC law will not affect the application of Ireland's constitutional "right-to-life" amendment.

Krupp may win steel mill battle

By Leslie Colitt in Berlin

KRUPP HAS emerged as a clear favourite to take over east Germany's largest steel-mill, EKO, at Eisenhüttenstadt on the Polish border.

Mr Hans Krämer, a executive board member of the Treuhand privatisation agency, said yesterday: "We give Krupp the advantage," although he cautioned that the consortium of Thyssen, Peine-Salzgitter and Hoogovens (Netherlands) could not be ruled out if there were last minute changes.

The agency's supervisory board will take the final decision on February 27. The German Finance Ministry will also have to approve the deal along with the European Commission; both have indicated they will go along with the conditions of the sale.

Mr Kramer said Krupp planned to invest more than DM1bn (£300m) to modernise EKO and add badly-needed rolling mills.

Bids by two Italian steel companies, Ilva and Arvedi, had been eliminated after the proposals arrived piecemeal and too late, he added.

UK to help develop Bulgaria's tourism

The UK's know-how fund for central and eastern Europe is to be used to help Bulgaria upgrade its tourist industry, writes Michael Skapinker.

It is the first time that the £50m ($87.5m) fund, which was set up in 1989, has been used to support the development of tourism in eastern Europe. Consultants from the UK will begin work next month, helping Bulgaria draw up a strategic plan on the future of the industry.

Ethnic leaders called to talks on independence referendum

EC tries to keep war out of Bosnia

By Judy Dempsey, East Europe Correspondent

THE European Community will today hold talks in Lisbon with representatives from Bosnia-Hercegovina's three ethnic communities to try to prevent the Yugoslav republic sliding into civil war.

The meeting, occasioned by sharp differences between Serbs, Croats, and Moslems over holding a referendum next week on independence, coincides with fresh attempts by Croatia and Serbia to split the republic between them.

According to government officials in Sarajevo, the capital of Bosnia which will act as the United Nations headquarters when peacekeeping forces arrive, there is every likelihood that the Moslem community will be left without any republic if the plan by Croatia and Serbia goes ahead.

"This could lead to the emergence of radical forces among the Moslem community. They could become powerful. This would undermine our tolerant tradition," said Mr Rusmir Mahmutcehajic, deputy premier. Bosnia's Moslems, who are Sunni, make up 42 per cent of the 4.3m population, followed by Serbs (33 per cent) and Croats (17 per cent).

The EC called for this referendum last month as a precondition for recognising Bosnia. But while Serb leaders have urged a boycott, Moslems support the vote as a means of having an independent Bosnia internationally recognised, and Croats remain ambivalent.

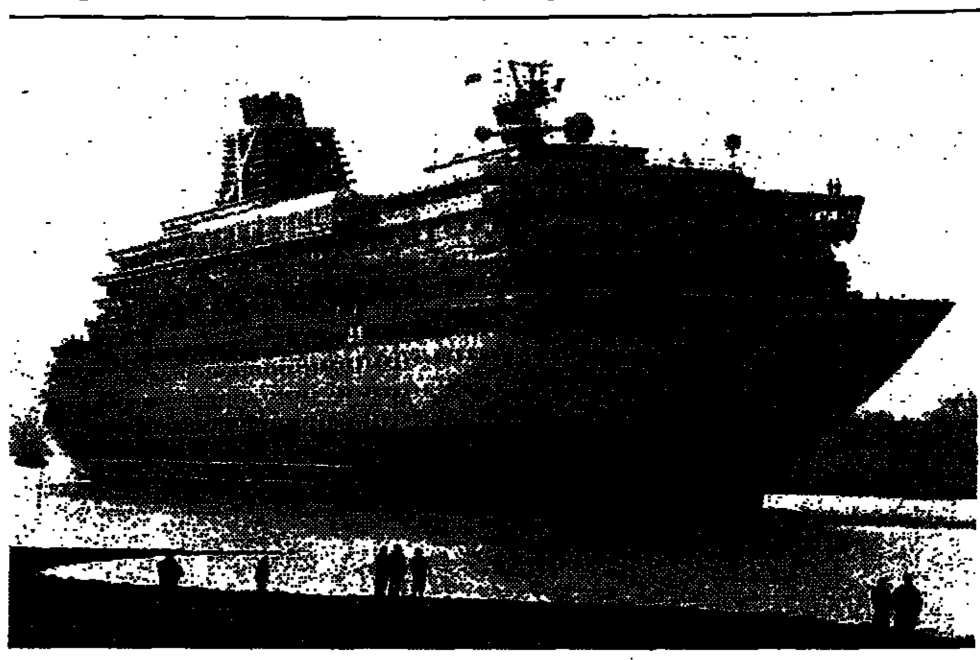
The Serb-dominated rump presidency wants Bosnia to remain part of a smaller Yugoslav federation, mainly because 70 per cent of the military industrial base is there.

The plan to divide Bosnia was mooted during secret talks a year ago between Croatia's President Franjo Tudjman and Serbia's President Slobodan Milosevic. It was shelved when the federal army intervened in Slovenia and Croatia on June 25, but has since been revived, under a different guise.

Because the United Nations, and the EC, have insisted that "the internal boundaries of Yugoslavia cannot be changed by force, or without the consent of the parties concerned," Zagreb and Belgrade have adopted new tactics. They have encouraged their respective sister parties in Bosnia to agree peacefully to divide the republic from within. Moderates among Serbs and Croats have been marginalised.

The rise of the Zagreb-backed Croat nationalists in Bosnia has isolated the Moslems. Previously, Bosnia's Croats and Moslems together opposed attempts to split the republic. Now Mr Mate Boban, new head of the Croatian Democratic Union, is negotiating a carve-up with the Bosnian Serbian Democratic party, led by Mr Radovan Karadzic, a close ally of Mr Milosevic.

Few government officials in Bosnia doubt the inherent dangers in this, even if Bosnia's Croats and Serbs agree to it. "What would happen to the Moslems?" asks Mr Haris Silajcic, Bosnia's foreign minister. "Should the EC accept a peaceful break up of the republic carried out without the consent of the Moslems?"



A German-built cruise liner, the 'Zenith', leaving the inland Meyer-Werft shipyard in Papenburg, north-west Germany. The river had to be deepened to allow the ship's passage to the North Sea

Scandal prompts Austrian move to outlaw insider deals

By Ian Rodger in Vienna

AUSTRIA is likely to make insider trading a criminal offence, despite fears that this will further encroach on citizens' right to hold anonymous bank accounts.

Pressure to curb insider trading on the Vienna Stock Exchange has increased sharply since a scandal erupted in December over sales of shares of IGM Robotersysteme in advance of an announcement of a downward revision of the computer group's earnings forecast.

At the moment, the only sanctions against insider trading in securities in Austria are those applied by the stock exchange on its members, and it has been easy for offenders to hide behind anonymous bank accounts.

Austria is one of the few western countries that still permits people to hold anonymous accounts. The system is mainly used by Austrians to avoid taxes, and many oppose any suggestion that it be eliminated.

Nevertheless, the government has been under pressure from the US to do just that, because these accounts are sometimes used by foreign criminals, notably to launder drugs money. Also, to prepare for membership in the European Community, Austria will have to tighten its banking practices to conform with EC requirements.

Last month, the Austrian banking community agreed to improve its screening of deposits by foreigners. In the past, banks required identification from foreigners seeking to deposit more than $200,000. From now on, they will insist on identification of anyone depositing more than the equivalent of ASch200,000 ($17,237) in any foreign currency.

Bankers and government officials say measures are likely to be taken later this year to deter insider trading. First, the authorities will be able to oblige banks and brokers to waive bank secrecy and divulge information about clients' transactions. Second, the stock exchange will require member firms to know the identity of their clients, even if those clients deal from numbered bank accounts.

Austrian officials say that even after these changes the ordinary citizen need not worry. He can still hide his savings in an anonymous account.

EC is key issue in Malta poll

By Godfrey Grima in Valletta

MALTESE membership of the European Community will be the key issue when the 260,000 voters go to the polls tomorrow to elect a new parliament.

Mr Eddie Fenech Adami's ruling Nationalist Party, which filed Malta's application for full membership in 1990, wants negotiations with Brussels to get under way next year and entry to be sanctioned by 1995. Some 70 per cent of Malta's trade is done with the EC.

The opposition Labour Party, led by Mr Carmelo Mifsud Bonnici, opposes full membership in favour of strengthening Malta's existing association agreement signed in 1970. This grants the island access to Community markets and funds without limiting Maltese governments in fashioning their own economic and trading policies.

The race between the two main parties could be close. To increase its meagre 4,000-vote lead over Labour and its single-seat parliamentary majority, Mr Fenech Adami's Christian Democratic party is counting on the impact of its liberal policies.

The lifting of import restrictions imposed by previous Socialist administrations has resulted in shops bulging with imported goods. Each year 10,000 new cars are snapped up by the increasingly affluent Maltese. To keep the economy buoyant the government has pumped money into infrastructure projects, including a new airport terminal and a sorely needed new power generating plant.

The Labour Party claims the government has mismanaged the nation's coffers by doubling the national debt to Lm200m ($630m) in the past five years. To woo voters it has dropped several controversial policies, including its opposition to private hospitals and free trade, and has improved relations with the powerful Roman Catholic church.

A new party, Democratic Alternative, which emphasises the environment among its policies, is appealing to those disgruntled by the established parties and hoping for a hung parliament. The result is expected early next week.

Yugoslavia aid confuses the British

By Stephanie Gray

A BRITISH Red Cross appeal for eastern Europe, launched at the height of the civil war in Yugoslavia, had failed because the normally generous British could not understand why fellow Europeans were unable to resolve their problems, the aid agency said yesterday.

Mr David Wyatt, director of the agency's international division, said that despite harrowing television footage, many Britons, having been on holiday in Yugoslavia and seen how well the people had lived there, believed that "they're Europeans who should know better".

Donations for aid projects in the former Soviet Union had also been relatively low because the enormous scale of the "structural emergency" left Britons with the mistaken perception that their contributions would make no difference.

Public subscriptions to the appeal for the whole of eastern Europe, described anyway as a "slow burner", have so far amounted to about £300,000.

In a review of Red Cross work last year, Mr Michael Whitlam, its director general, said a series of disasters saw overseas aid up by 235 per cent over the previous year at almost £80m. The Red Cross saw no evidence of the charity being hit by "compassion fatigue".

The International Red Cross had responded to 30 emergencies in the first six months of the year.

'Out-of-area' issue seen to threaten Nato

By David White, Defence Correspondent

NATO'S SURVIVAL could be at risk unless members were prepared to contemplate the use of forces outside allied territory, at least in defence of democracy in the countries of central and eastern Europe, a top alliance official warned yesterday.

Mr Michael Legge, who was responsible for drawing up the new strategic doctrine approved by all 16 members in Rome last November, said he was disappointed at the lack of commitment on "out-of-area" operations. Several European members were reluctant to see allied forces being employed outside the Nato area "in any circumstances", he said.

Mr Legge, Nato's assistant secretary-general for defence planning and policy, yesterday urged the allies, during a speech in London, to extend the boundaries of possible action "at least throughout Europe". Failure to do so would put Nato's credibility at risk in public opinion and undermine support for the alliance in the US.

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Voices from the grave return to haunt Italy

Robert Graham on the fallout from a letter written in Moscow during Mussolini's eastern front disaster

THE ITALIAN establishment has fallen victim to a journalistic scoop turned sour.

The scoop involved revelations about the late leader of the Italian Communist party, Palmiro Togliatti, one of the country's few towering political figures this century.

For two weeks the media and politicians of every colour rushed to judge the conduct of Togliatti while he was in Moscow during the Second World War - solely on the basis of a brief letter he purportedly wrote. Now everyone has got egg on their faces, victims of the timeless practice of the truth never being allowed to interfere with a good story.

The 1943 letter, it transpires, was taken out of context, was doctored by at least one newspaper and crucial words were "interpreted" by an academic over-anxious to promote his own researches.

The good story lay in the brutally cynical portrait of Togliatti that emerged when he was discussing the fate of large numbers of Italian prisoners taken on the Russian front fighting with the Axis powers. Togliatti appears to be rubbing his hands over the way Mussolini's venture supporting Hitler's invasion of the Soviet Union was coming to a disastrous end.

Some 60,000 Italians died on the Russian front and in prison camps. In so many words, he said this would be a good lesson for Italians to learn the perils of siding with fascism. He reportedly said of his fellow-countrymen: "I am not arguing that they should be *killed*, rather we can obtain certain results in other ways."

At least this was how the weekly magazine, Panorama, broke the story two weeks ago, citing the research of Prof Franco Andreucci in Moscow. Prof Andreucci had just obtained access to the archives of the (Communist International) Comintern under a contract negotiated by the small Florence publishers, Ponte alle Grazie, for whom he was historical adviser.

Prof Andreucci confirmed the contents of the letter along with his publishers at a subsequent press conference. For the doubters, Il Tempo, the Rome daily, published a copy of the damning extract in what seemed the unmistakable hand of Togliatti. Coming right at the beginning of the campaign for parliamentary elections on April 5, the tinder for polemics was lit. The letter provoked an immediate outcry. President Francesco Cossiga, ever keen to impose his stamp on a national debate, announced the formation of a special committee of historians to examine the implications of the letter to the standing of a national hero.

■ Mussolini's tomb in his home town of Predappio, 75km north-east of Florence, which attracts more than 100,000 visitors a year. The local authorities are planning to restore the tomb in an effort to boost the 'Il Duce' tourist trade

(The committee in fact never got off the ground because a number of those chosen refused to serve).

The Right weighed in, determined to wring the maximum from this magnificent opportunity to discredit the Left ahead of elections. Here was the cold face of Stalinism which had sought to impose communism on post-War Italy, the Christian Democrat politicians cried.

Insinuations were also directed towards Ms Nilde Iotte, the head of the Senate who is Togliatti's widow and the candidate of the metamorphosised Communist party, the PDS, for the presidency of the Republic in the election in July. Mr Achille Occhetto, leader of the PDS, alarmed at the damage to the image of the Left, declared the contents of the Togliatti letter to be "chilling" - if true.

Only the enterprising Moscow correspondent of La Stampa, the Turin-based daily, decided to check in the archives. And by this weekend he had blown the scoop.

Togliatti had indeed written a letter in 1943 using his pseudonym, Ercoli, to a colleague on the executive committee of the Comintern; but it was a very long one. The language of the original was also far more nuanced. In his controversial discussion of the plight of Italian prisoners on the Russian front, Togliatti used the infinitive verb *sopprimere* (to suppress) not the emotive word *assassinare* (to kill). It appears Prof Andreucci got over-excited by the idea of using the letter to promote a future book.

Put in touch with Panorama, he accepted an immediate release and dictated over the phone a poor photocopy of an extract of the letter, which he liberally interpreted.

The newspaper Il Tiempo went one better: it acquired the photocopy and proceeded to write in the contentious parts - changing the word *sopprimere* for *assassinare*, and even converting a poorly legible reference to "old Hegel" into "the divine Hegel". The latter phrase incidentally was one of the aspects which alerted those who knew Togliatti to the falsification.

The opening up of the Soviet archives has been accompanied by ample tales of false documents being touted by former officials. This is the first case where officials have provided genuine documents and the users have chosen to falsify them. Ironically, for all the scandal, the faked letter, when read in the historical context, did not convey a new insight on Togliatti.

Rather it was typical of a committed communist at the time of the Soviet Union's crucial battle against Hitler.

WEU row fuels Danish debate on EC treaties

By Hilary Barnes in Copenhagen

DANISH politicians are tying themselves in knots over whether the country should join the Western European Union (WEU), which will carry out defence operations which may be required as a consequence of the European Community's common foreign and security policy.

The issue is so sensitive that it may have an influence on the outcome of a referendum on the Maastricht treaties to be held on June 2. Polls in January indicated a 60-40 majority in favour of signing the treaties although there was a high number of people undecided. However, by February 17 a business newspaper opinion poll showed a steep decline in support for European union. According to the poll, political union was opposed by 36.2 per cent and supported by 35.5 per cent, with 27.6 per cent undecided.

At present, a majority of the eight parties represented in the Folketing, including the minority coalition Conservative and Liberal parties, are in favour of political union, but a majority (not consisting exclusively of the same parties) are also against membership of the WEU.

Mr Uffe Ellemann-Jensen, the foreign minister, finds the situation ridiculous. He argues that if one supports political union, including the common foreign and security policy, then it does not make sense to refuse to join the WEU, which will be responsible for executing decisions taken under the auspices of the common foreign policy. The WEU is seen as the forerunner of a common European defence and military policy. As such it raises hackles on many Danes who are otherwise sympathetic to European political union.

The opposition Social Democratic Party (SDP), which holds 69 out of 179 seats in the Folketing, is the key party on the WEU issue. The SDP is officially in favour of ratifying the Maastricht treaties, but its supporters are not. Antipathy to defence co-operation is strong within the party.

The SDP argues that nothing must be done which can weaken Nato's role in European defence.

Hence, it is opposed to Denmark joining the WEU, of which all other Nato members except Norway, Turkey and Greece are members.

The WEU issue has come to a head in the party, however, for reasons which appear to have little to do with the merits of the issue and more to do with a clash of personalities between the party's leader, Mr Svend Auken, and a prominent colleague, Ms Ritt Bjerregaard. In January, Ms Bjerregaard declared in a television interview that the party was bound to reconsider the question of WEU membership. Her statement acted like a red rag to a bull and sent the party leadership into a spasm. Not only is the leadership against membership: it will not allow the issue to be discussed.

The serious aspect of the situation for those supporting the Maastricht treaties is that the SDP is so divided under the weak leadership of Mr Auken that it is unable to give a clear, strong lead to its supporters as the June 2 referendum approaches. It is possible that this could lead to an upset in the poll and an interesting situation, to say the least, for the the European Community.

The Swedish prime minister, Mr Carl Bildt, will visit Portugal on March 6 for talks on his country's application to join the European Community, Portuguese officials said yesterday, Reuter reports from Lisbon.

Portugal holds the rotating presidency of the EC and the Community is due to decide on a strategy for admitting new members at its next summit which takes place in Lisbon in June.

The Austrian chancellor, Mr Franz Vranitzky, pays a one-day visit to Lisbon today to discuss his own country's application to join the EC. He will hold talks with the Portuguese prime minister, Mr Anibal Cavaco Silva.

Cossiga vetoes asbestos law

By Robert Graham in Rome

FOR THE second time in less than a month President Francesco Cossiga has used his constitutional powers to block legislation already approved by both houses of the Italian parliament.

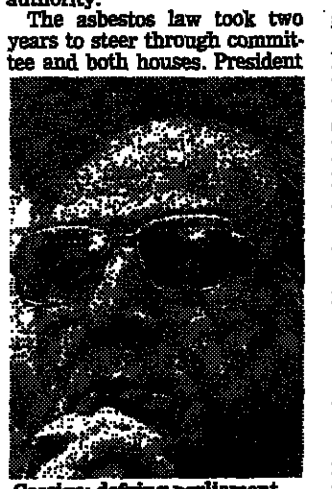
First he blocked a law providing new measures to accommodate social work for those who wish to replace obligatory military call-up on the grounds of conscientious objection.

He has followed this up by refusing to sign a law bringing Italy into line with the European Community on the elimination of asbestos in industry.

In the case of the conscientious objectors law, President Cossiga claimed the provisions for social work were inadequate.

In the case of the asbestos law he said that there was insufficient financial cover for the L80bn expenditure over the next three years. But in both instances the main political parties have reacted as if the President were deliberately seeking to undermine their authority.

The asbestos law took two years to steer through committee and both houses. President Cossiga's action has also caused something of a constitutional stir since parliament dissolved at the beginning of the month prior to the April 5 general elections.



Cossiga: defying parliament

After much argument, parliament is expected to take the unusual step of briefly reconvening next week to consider a decree passing the conscientious objection law, which President Cossiga would be unable to block a second time round.

The president's objections to the asbestos law appear to be on firmer ground since even for the current year the proposed financial cover is uncertain.

There is also strong pressure from the asbestos lobby, which employs 2,500 directly and another 25,000 indirectly, for a longer phasing out period. This may mean the law will have to await the next parliament.

Italian wave of crime boosts security industry

By Robert Graham

FACED with a rising wave of theft, Italians are estimated to be spending an annual L3,500bn ($2.8bn) on security protection, according to a study by the research institute, Ispes.

This expenditure comes despite Italy possessing one policeman for every 240 inhabitants, the highest proportion in Europe.

The biggest cost is absorbed by L1500bn spent on the production and installation of electronic security systems, with a further L500bn going on safes, strengthened windows, barriers and reinforced doors. Each year an average of 200,000 reinforced doors are installed.

Private security firms are in growing demand. Italy now has 1,106 registered security companies supplying some 30,000 full-time guards at a cost of lire 1,400bn per year.

These figures are not surprising given the way robbery from banks and institutions as well as private households has increased. Between 1975-90 the number of household burglaries has tripled to over 211,000; while the booty stolen from banks and financial institutions now totals L72bn a year.

In the case of car theft, it is reckoned that some 240,000 cars are stolen a year against 158,000 in 1983. This staggering figure and the consequent replacement through insurance perhaps helps explain why Italy continues to have such high car sales. Italians spend almost L150bn on car anti-theft devices.

Print strike halts French newspapers

A PRINT union strike yesterday prevented publication of all but one of France's nationally circulated daily newspapers, AP reports from Paris.

The General Confederation of Labour (CGT) called the 24-hour strike in its printing branch as a warning to publishers in advance of negotiations that will lead to lay-offs. Only the Quotidien de Paris appeared after using an out-of-town printing plant.

The union has accepted a proposal by publishers for the early retirement of about 2,200 printers, but it is opposed to tentative plans to lay off 750 younger printers.

The publishers say drastic cost reductions are necessary to maintain the financial health of the industry.

Bold De Klerk turns tables on the right

Referendum for whites aims to defuse Conservatives' threat to reform, writes **Philip Gawith**

PRESIDENT F W de Klerk's announcement of a referendum to determine white support for political reform in South Africa shows considerable political courage. It carries enormous risks.

If he wins, he will be the hero who saw off the right wing threat, clearing the way for peaceful transition to majority rule. Should he lose, the alternative is too ghastly to contemplate.

The return to power of a party, in this case the Conservative Party, committed to returning to the days of grand apartheid, would provoke civil conflict on a scale not yet seen in South Africa.

In the short term, Mr de Klerk has regained the initiative from the right-wing CP which trounced Mr de Klerk's National Party (NP) in Potchefstroom by-election on Wednesday. Both parties billed the by-election as a test of white opinion on the negotiation process. The Conservative Party's victory has allowed it to boast that it is now the voice of the majority of whites.

Mr de Klerk's announcement will test that boast, but this time on conditions more favourable to the president.

By-elections are great opportunities for casting a protest vote. Potchefstroom, a small town 120km south of Johannesburg, was no exception. There was much to protest about. White voters are nervous about the pace and content of political reform. Compounding this anxiety are spiralling levels of violence, three years of recession and a debilitating drought.

All these factors assisted CP candidate Mr Andries Beyers in overturning a NP majority of 1,583 votes to win by 2,140 votes on Wednesday, a swing of 11 per cent.

However, the conservatives will find a referendum more difficult to win. Mr Donald Simpson, a pollster at Potchefstroom University, calculates that based on Wednesday's result, an alliance of the NP and the liberal Democratic Party should win 59.5 per cent of the vote in a referendum to 40.5 per cent by pro-CP right-wingers.

Mr Tony Leon, Democratic Party MP, argues that voters will reward Mr de Klerk for his bravery. "It is a remarkable move. People will always respond to courageous and strong leadership and he's offered both in strong doses."

Surprising though the referendum announcement was, the reasoning is not hard to discern.

The CP believes the Potchefstroom victory merely proves its contention that while the NP is negotiating on behalf of whites at the Convention for a Democratic South Africa, the CP truly represents most whites.

The National Party knew it faced a haemorrhage of support to the right while having precious little to deliver to the electorate in terms of a clear political future, or better economic conditions.

Mr de Klerk turned the tables. The CP will have to replace electoral triumphalism with a reasoned defence of its view of the future. This prospect fills the NP with confidence. At an election meeting last week in Potchefstroom, Mr de Klerk said voters should not vote for the policies they prefer, but for the policy which can succeed. He described CP policies as "a suicide path for Afrikaners, whites and all other minorities".

Mr de Klerk said there were two issues facing white voters: which party will they trust to negotiate for them, and whose policy can best secure their and their children's future. The NP is sure to stress in the weeks ahead the CP's inability to deliver on either score.

But the National party will be aware too of the need to communicate much more closely with its followers about what is happening at the Codesa talks on democratic reform; in particular, that the government is not planning to hand over power.

Commentators have recently likened Mr de Klerk to General Jan Smuts, the South African statesman respected abroad but rejected by the electorate at home in 1948. Mr de Klerk will be determined to prove the comparison invalid.

Ironically the ANC – which is opposed to any racially-based referendum – is likely to play an important role assisting Mr de Klerk. It will be forced to support him, if for no other reason than the fact that there is no prospect of negotiating with a Conservative government.

Professor Mervyn Frost of Natal University notes that on the one hand the ANC will have to be reasonably low-key, so as not to frighten white voters away from the NP through guilt by association.

On the other, they can considerably strengthen the National Party's hand by issuing mollifying statements on issues such as nationalisation, white schools, and job security in the civil service. The ANC will not like having its hand forced in this way, but it has little choice.

By-election victor Andries Beyers: his party now faces tough test

Hawke to retire from Australian parliament

By Kevin Brown in Sydney

AUSTRALIA'S Labor government faces a difficult by-election following the resignation from parliament yesterday of Mr Bob Hawke, the former prime minister.

Mr Hawke's retirement follows his defeat by Mr Paul Keating, the former Treasurer (finance minister) in a bitterly fought Labor leadership battle in December.

Labor is expected to lose Mr Hawke's suburban Melbourne seat in the by-election, which must be held within three months. Mr Hawke had a majority of 8 per cent at the last general election in 1990, but Labor's popularity has plunged over the past 18 months as the government has struggled to cope with recession and rising unemployment.

The government is likely to put off the poll as long as possible in the hope that the economy will begin to recover following a statement to be made by Mr Keating next week.

However, a bad result could further damage the party's fading chances of winning another three years in power at the next general election, which must be held by mid-1993.

Mr Hawke said he had decided to resign because his growing business commitments would not allow him to continue to represent his constituency "in good conscience". The former prime minister is understood to be negotiating with Mr Kerry Packer's Channel Nine television station to present a series of programmes about world leaders he met while in office.

He has appointed IMG, the personality management group which represents Mr Greg Norman, the Australian golfer, to seek other business interests in the media and the international lecture circuit.

Mr Hawke also said he wanted to spend more time with his family, particularly his wife Hazel, who underwent an operation in Sydney this week to remove a benign tumour from her brain.

Mr Keating said Mr Hawke's eight-year term as prime minister – Australia's second longest – had been a period of "historic change" in which the nation was transformed into a modern diversified economy.

However, there was unease among some Labor leaders about the style and timing of Mr Hawke's announcement, which was made in an interview on Channel Nine, for which he was paid.

Taiwan's central bank under fire

By Luisetta Mudie in Taipei

THE European Chamber of Commerce in Taiwan yesterday wrote to the island's central bank expressing concern about a freeze on the inflow of foreign funds for investment in equities.

The Central Bank of China has been the target of increasing criticism since it became known this week it had imposed the freeze for an indefinite period, apparently to reduce upward pressure on the Taiwan dollar. Bank officials said it was a temporary measure.

The Taiwanese Finance Ministry has expressed concern at the potential setback to its programme of financial liberalisation, and is to hold a number of meetings with the central bank to discuss the apparent conflict of interest.

Critics say the move, which has not been announced officially, could seriously damage the island's reputation among international investors. Local share prices have fallen and securities analysts say the risk of investing in Taiwan has been heightened.

The central bank has come under strong pressure from exporters hurt by the rapid appreciation in recent months of the Taiwan dollar. The currency reached a record high of T$24.9705 to the US dollar last week, despite five consecutive interest rate cuts in as many months.

Some securities analysts say the bank's move is a gesture to exporters, and not a serious measure against currency appreciation.

The impact of foreign investment funds on the foreign exchange markets is likely to have been small. Only $500m has been remitted into Taiwan since the bourse was opened to foreign investors in January 1991, compared with a total stock market capitalisation of over $100bn.

Mr Peter Kurz, chief representative of Baring Securities in Taipei, said a more mature foreign exchange market would cushion the Taiwan dollar against the effects of capital inflow.

Large trade surpluses and the central bank's reluctance to cut interest rates still further have been mainly responsible for the upward pressure on the Taiwan dollar.

A difficulty which the central bank has pointed to has been the way in which remittance applications for foreign funds have tended to be crowded together just before the deadline for remittance, making them much harder to handle.

The European chamber of commerce, in its letter yesterday, suggested it could co-operate in trying to alleviate the remittance problem.

Central bank officials say foreign exchange markets will have to stabilise before any more applications to remit funds into the country can be accepted.

Tough but pragmatic: Yitzhak Rabin yesterday after his victory

Rabin win recalls Labour glory days

By Hugh Carnegy in Jerusalem

AMID the excitement in the Israeli Labour party yesterday over Mr Yitzhak Rabin's dramatic unseating of Mr Shimon Peres as leader, no-one seemed bothered that Labour's 150,000 members seemed to be harking back 18 years into the past.

In fact, the re-elevation of Mr Rabin to the position he first assumed on the retirement of the late Mrs Golda Meir in 1974 was what excited many Labour supporters.

Mr Rabin, an unspectacular prime minister until 1977 when he gave way to Mr Peres under the cloud of a minor financial scandal, recalls the glory days of Labour when it was Israel's pre-eminent political force.

He may be only 10 days short of his 70th birthday, but Mr Rabin's assertion that only he can reverse Labour's 15-year eclipse by the right-wing Likud party won over a party which still judges itself by the standards of its past strengths.

But can he? Certainly opinion polls have consistently shown Mr Rabin to be the most popular leader in the eyes of the electorate, usually a few points ahead of Mr Yitzhak Shamir, the Likud leader and prime minister. Interestingly, he is popular among the young.

There seems no doubt that Labour will present a more credible challenge under Mr Rabin than under Mr Peres. The former leader was a skilful and popular prime minister in the two years he held the post in the mid-1980s. But he failed to beat the Likud in four elections and in recent years was fatally associated with Labour's long decline.

The Likud made no secret that it would rather face Mr Peres in the June election.

Mr Rabin's main pitch to the electorate is that he combines toughness on security issues to match the Likud without the Likud's ideological commitment to the occupied territories and Jewish settlements which has brought Mr Shamir's government into conflict with the US, Israel's paramount ally and bankroller.

As Chief of Staff during the 1967 Six Day War, and later as a tough defence minister during the Palestinian uprising of the late 1980s, Mr Rabin's credentials on the security issues are impeccable.

But, unlike Likud, he is also committed to a pragmatic settlement with the Palestinians accepting that Israel will have to cede land in exchange for peace. Opinion polls show most Israelis are prepared to accept such a deal. Mr Rabin has said he would negotiate Palestinian autonomy in the West Bank and Gaza Strip.

None the less, the task facing him is immense. A man whose weary appearance often betrays his years, he has to rejuvenate a party which for years has lacked direction and trails the Likud by five points in the polls.

Not least, he must resolve the conflicts within the party over economic policy. Immigration-induced unemployment is a prime election issue.

A Labour victory in June still looks unlikely. But a strong Labour performance, perhaps enough to win a place in a coalition with Likud, is possible.

UN urges action to stem Iraq brutality

By Frances Williams in Geneva

VIOLATIONS of human rights by the present Iraqi regime are so grave and so widespread that few parallels can be found since the Second World War, a UN human rights report says.

Presenting his report yesterday to the UN Human Rights Commission meeting in Geneva, Mr Max van der Stoel, the special rapporteur for Iraq, said exceptional measures were called for. "Every day, Iraqi citizens are in danger of losing their lives. Scarcely a day passes without executions or hangings. In such a situation, mere condemnations are not enough."

Mr van der Stoel, a former Dutch foreign minister, urged the dispatch of a team of human rights monitors to Iraq which would remain as long as necessary. "A resolute effort must be made to save human lives," he said.

The report catalogues arbitrary and summary executions, arbitrary detention of political and religious opponents, enforced and involuntary disappearances, and the routine use of torture to extract confessions. "The number of victims ... is certainly in the hundreds of thousands," it says.

Mr van der Stoel, who visited Iraq, Iran and Saudi Arabia last month to collect evidence for his report, said yesterday that if the Iraqi government refused to accept human rights monitors this would indicate "that the present policy of repression will continue unabated".

The UN Security Council might need to decide whether this constituted a breach of its resolution 688 of April 1991 which calls on Iraq to "immediately end this repression".

Replying to Mr van der Stoel's remarks, Mr Mohammed Al-Douri, Iraq's chief representative to the 53-member Human Rights Commission, said Iraq strongly rejected the report as part of the west's propaganda campaign against the country.

● A commission established by the UN Security Council to determine compensation payable by Iraq to victims in the invasion and occupation of Kuwait is recommending surprisingly low ceilings - only $30,000 per individual and $60,000 per family, Michael Littlejohns reports from New York.

The Commission reported last night that the Iraqis want a five-year grace period before making any payment into the UN fund to which claims will be addressed. Officials said these were bound to run into thousands, but they did not have a precise estimate.

In seeking a delay, Iraq said it must have time to meet its essential domestic needs, including repairing damage done by the coalition forces.

It estimated these costs at $193.6bn, including $63.1bn for debt-servicing and interest. Yet its total revenues between 1992 and 1995 were not expected to exceed $64.3bn, with most of that coming from petroleum if and when sanctions were lifted.

Congress wins flawed Punjab elections

By K K Sharma in New Delhi

INDIA'S ruling Congress party yesterday won a majority of seats in the new Punjab legislature in elections tarnished by a low turnout following threats and a boycott call by Sikh militants.

The turnout of less than 30 per cent was seen as a victory for pro-independence Sikh militants who have been responsible for violence in Punjab since 1983. The militants are expected to intensify their movement for independence and more violence awaits Punjab under Congress rule.

Observers do not expect the Congress government to stay long in power and forecast the early reintroduction of direct rule from New Delhi. This is because the party is in no position to reach a deal with the federal government that will be acceptable to the militants or the people.

Before the election, Mr P.V. Narasimha Rao, the prime minister, had been discussing a "Punjab package" for the state but delayed its announcement until a popular government was elected in the state.

The package involves, among other things, making Chandigarh, the common capital of Punjab and Haryana, the capital of Punjab alone. The package is based on an agreement in 1986 between the late Sikh leader, Mr Harchand Singh Longowal, and the late Mr Rajiv Gandhi, then prime minister. The agreement proved unworkable then and is likely to meet the same fate again.

Cambodia may get 16,000 UN troops

THE United Nations Secretary-General said yesterday a 15,900-member UN force should be sent to Cambodia to keep the peace and help ensure a peaceful transition to democracy after more than two decades of war, AP reports from the United Nations.

Mr Boutros Boutros-Ghali recommended the UN dispatch 10,200 infantry troops, an air support group of 326 members, a naval force of 376 with 20 boats, an observer group of 485 members and other units to Cambodia.

In a report to the Security Council, the UN chief said 400 international election monitors should also be sent to monitor polls scheduled for April 1993 and that their number be augmented by 1,000 "international personnel."

Mr Boutros-Ghali urged that 4,000 civilian officials be sent to register voters, while UN military or police forces might be needed to provide security at registration stations.

The proposed UN peacekeeping mission to Cambodia would be the biggest since the world body deployed 20,000 peacekeepers to the Congo, now Zaire, in the 1960s.

Japan money supply growth slows sharply

Japan's broad money supply expanded at a record low year-on-year rate of 1.8 per cent in January, the Bank of Japan reported yesterday.

The Bank said the decline in monetary growth from 2 per cent in December was due in part to large tax payments to the government and to a shift of money to postal savings accounts and to money trusts.

These instruments are not included in the tally of the money supply, which includes cash in circulation, time and demand deposits and certificates of deposits.

Money has been flowing out of bank accounts to the postal system because of the higher rates of interest on offer.

Trucking group secures Y26bn loan

A group of 14 creditor banks led by Sanwa and Sumitomo will offer loans of up to Y26bn (£116.07m) to the Sagawa Kyubin Group to help Tokyo Sagawa Kyubin, which is facing difficulties due to its involvement in a loan scandal, Reuter reports from Tokyo.

They are expected to offer Y5bn this month as a first round of emergency operating funds for Sagawa, Japan's second largest trucking group.

Banks are understood to have outstanding loans of Y545bn to the Sagawa Kyubin group.

Korean talks leave N-rift unresolved

North and South Korea wound up two days of high-level talks yesterday after putting two historic peace accords into effect, but failed to resolve a nuclear dispute, AP-DJ reports from Seoul.

The rival Koreas hailed the agreements as an historical step to eventual unification. But the failure to resolve concerns over North Korean nuclear weapons development was seen as a serious rift.

North Korean leader Kim Il Sung called for mutual arms reductions and for withdrawal of all US troops.

80 feared dead in Nigeria clashes

At least 80 people were feared killed in communal clashes in a remote part of Nigeria's southeastern Akwa Ibom State, Reuter reports from Lagos.

Deng tries to relight the torch of economic reform

Simon Holberton explains why China's paramount leader appears to be seeking to end three years of 'retrenchment'

DENG Xiaoping, the 87-year-old who has commanded the heights of policy-making in China since the late 1970s, once said: "I will only speak at significant moments." If reports from Beijing are to be believed he has been talking quite a lot lately.

His views on future economic reform, reinforced by a recent tour of south China, are now said to be circulating within the national bureaucracy after being read out to an enlarged Communist Party Politburo meeting two weeks ago by party Secretary-General Jiang Zemin.

It is far from clear whether this latest outburst by Deng will presage fresh radical change in China. Sceptics point to a similar flurry of pro-reform reports this time last year. But a number of factors suggest something significant is afoot.

There is a growing realisation that economic reform, on the backburner forthree years, needs to be restarted. The party faces its five-yearly congress later this year and must sort out its policy "line" for the next five years and pressure is growing for it to appoint key personnel to carry that policy forward.

Deng's apparent purpose is to set the agendas for economic reform and personnel changes. Underlying his analysis is the fear that, without change the party's grip on power might prove as impermanent as communism's hold in eastern Europe and the Soviet Union.

"To keep stability we must boost the economy," said Deng as he called for "new thinking". He criticised some in the party for droning on and on about "peaceful evolution" and not getting down to work.

"We have not even reached a state of modest comfort, so there is nothing to brag about," Deng is reported as saying. "One should carry out one's work modestly - do more work and talk less. We rely on real effort and experience, not on the churning out of articles."

But if the reasons for Deng speaking out are plain the options for economic reform are not. The problems China faces - from state finances, through agriculture and industry - are as large and diverse as the country itself.

Economic reform has been stalled since the end of 1988 when, in response to runaway inflation, a widening current account deficit, and widespread official corruption, the government embarked upon a policy of "rectification and retrenchment". This was a policy designed to cool an overheated economy and put a break on the past policy of decentralisation of decision making.

At a national level the authorities succeeded in cooling the economy but the greatest economic strides continued to be made in those regions which successfully resisted recentralisation, such as southern China and in particular Guangdong province and its special economic zones of Shenzhen and Zhuhai.

Towards the end of last year the government said that the policy of rectification and retrenchment had succeeded. Though this is debatable - there are signs that inflation is beginning to accelerate again - the stage now seems set for further reforms.

The problems are daunting: in agriculture the authorities are unable to turn the clock back to collectivisation. The liberalisation of farming brought about by leasing land and negotiating output levels, has produced higher agricultural yields and peasant incomes. China is currently self-sufficient in grains.

But the array of new incentives has meant that peasants have responded to the higher gains to be made from meat and poultry production by giving over cultivatable land to these uses. Yet, as the World Bank has pointed out 5kg of grain must be sacrificed to produce 1kg of meat.

Peking may be forced to raise official prices for grains if they are to encourage the peasants to produce more wheat and rice. Either way this will cause problems in the cities.

The reforms have also spawned industrial growth in rural areas, creating around 80m new jobs in the past decade.

These industries have been outlets for the entrepreneurial skills of the Chinese peasant, but some economists believe their level of technological sophistication is low and their scale of operation uneconomic.

The fact that they can make money from these industries is a poor reflection of the state sector with which they compete. There is a pressing need to rethink the operation of China's huge state-owned companies – perhaps the country's greatest problem.

Today1-2 per cent of all the nation's companies produce 45-50 per cent of its output - the result of a Stalinist quest for "giantism" in the 1950s and 1960s.

These companies - which make producer, rather than consumer, goods - also absorb around 35 per cent of annual capital investment, well above the target rate of 25% set ten years ago.

Zhu Rongji, the man in charge of sorting out the problem, has made noises about change. He talks of ending the "job for life" entitlement of workers and managers in industry - known to the Chinese as the "iron rice bowl" - but the language is still reminiscent of 10 years ago when talk about the problem surfaced.

Reform in any sector of the Chinese economy is likely to have economic (and political) consequences elsewhere. This is no more true than in the case of price reform.

The price of many goods is set less by supply and demand than by political requirements or outmoded concepts of Marxian economics. The result is a pervasive irrationality about prices which makes assessing the profitability and efficiency of companies virtually impossible. Needless to say the state sector is highly inefficient, often producing goods few really want, and generally imposing a dead hand on what many believe could be a dynamic economy.

Deng: still powerful

Half-hearted attempts at radical price reform were made in 1988, only to fail. If the country is to meet Deng's call for an economy better suited to satisfying the economic needs of the Chinese people, then the nettle of price reform will have to be more firmly grasped.

WORLD TRADE NEWS

UK-German group in aero-engine talks with MTU

By Paul Betts, Aerospace Correspondent

BMW/Rolls-Royce, the joint venture formed two years ago between the German car maker and the UK aero-engine group, is in talks with Motoren und Turbinen Union (MTU), the aero-engine subsidiary of *Deutsche Aerospace, on possibly* collaborating in developing a new engine to power 70-100 seater regional jets.

Both BMW/Rolls-Royce and MTU confirmed yesterday that the two aero-engine groups had held preliminary talks about a possible collaboration. But they stressed no deal was imminent. The talks have been prompted by Bonn's decision to provide financial support for only one new German-led engine programme to equip new regional jets, including the proposed 70-100 seater aircraft Deutsche Aerospace is planning to develop in co-operation with Aérospatiale of France and Alenia of Italy.

Mr Erich Riedl, secretary of state for aviation at the German Economics Ministry, has indicated Bonn would support the development of a new engine programme only if BMW/Rolls-Royce and MTU decided to collaborate on the project. Bonn is understood to be prepared to provide DM1bn (£30m) in support for such a programme.

Rolls-Royce and BMW are *developing, through their joint* venture, the BR700 engine programme to provide engines with thrusts ranging from 12,000lbs to 22,000lbs for new regional airliners. The joint venture plans to build a DM400m development and testing facility near Berlin. MTU, *which has teamed* up with Pratt & Whitney of the US, is working on a RTF180 engine programme for regional aircraft.

The preliminary discussions between the BMW/Rolls-Royce venture and MTU reflect continuing pressures for greater collaboration and consolidation in the commercial aero-engine industry, currently facing tough market conditions. The regional aircraft market has been badly hit because of the financial problems of smaller airlines.

BMW's decision to move back into the aero-engine business through its joint venture with Rolls-Royce has also worried MTU, which has argued Germany could not afford to have two rival aero-engine makers.

Although MTU and BMW are involved in a wide range of commercial engine programmes with Pratt & Whitney and Rolls-Royce, their respective international partners, they have had their sights firmly on Deutsche Aerospace's proposed new regional *aircraft collaborative programme* with France and Italy.

OECD chief warns on tied-aid restrictions

By William Dawkins in Paris

TOUGH new curbs against abuse of export aid to buy market share in developing countries should not be allowed to reduce the amount of help for deserving cases, the head of the Organisation of Economic Co-operation and Development (OECD) has warned.

Mr Jean-Claude Paye, OECD secretary-general, said the changes, which came into effect on February 15, would have the effect of limiting the use of tied-aid credits for projects normally able to raise commercial finance.

The aim was to channel aid to projects useful to development but genuinely unable to raise money elsewhere, to ensure aid money was additional to, rather than competing against, funding on market terms, officials said.

"I urge commercial lenders and export credit insurance agencies to accept this challenge by expanding credits and coverage *for commercially* attractive projects in developing countries so that total flows of resources to these countries will expand," Mr Paye said.

This reflects OECD fears that banks will not rush in to *fill the gap likely to be left now* that tied aid is no longer allowed for commercial projects, officials added.

The rules also ban use of any tied aid - assistance linked to the purchase of the donor's exports - to better-off developing countries, broadly defined as those with per capita GNP of over $2,465 in 1990. This includes economies such as Singapore, Taiwan and Hong Kong. The ban on aid to commercially-viable projects applies to poorer countries.

For the first time, OECD members are allowed to vet each others' aid projects in advance to ensure fair play. The transition has been controversial, as shown by a row between the US and Spain over an attempt by Madrid to rush through two large credit lines for Mexico and Venezuela, before the rules came into effect.

Both recipients are theoretically ineligible for aid under the new scheme. Attempts to settle the row have made no clear progress, say officials.

Meanwhile, the US Export-Import Bank has rushed through a $60m (£34.2m) tied-aid agreement for AT&T switching equipment for Indonesia, which would not qualify for help of this kind under the new rules. This was to show the US was ready to go ahead with such deals if other countries did the same, a bank official said.

Balfour Beatty leads study to build Malaysian airport

AN Anglo-Japanese consortium led by Balfour Beatty, construction arm of the BICC Group, has won the contract to draw up the masterplan study to build a £2bn airport at Sepang, *Malaysia, Paul* Betts reports.

The consortium also includes GEC Marconi, Trafalgar House Construction and Marubeni Corporation of Japan. It is expected to complete the study in about nine *months. Winning the £2m* contract has made the consortium strongly placed to secure the order to build and develop the airport project. BAA, the UK airport operator, has also been appointed lead consultant for the study.

The Malaysian government aims to open the new airport, about 50km south of Kuala Lumpur, in 1997. BICC said yesterday the detailed engineering and first-stage construction would include two runways, terminals, associated infrastructure and a high-speed train link. The project is expected to be financed by a mix of private and public funds.

The masterplan project team will develop proposals for further links to Kuala Lumpur. The airport project reflects the need to improve and expand airport infrastructure facilities in the Asian region, which continues to offer best potential growth in international passenger air traffic. The International Air Transport Association (IATA) expects north-east Asia to show average annual growth in international passenger numbers of 9.7 per cent, and south-east Asia of 9.2 per cent between now and 1995.

● GEC Alsthom, the Anglo-French power generating equipment supplier, has won a £95m contract to build a power plant in Pakistan. The plant, involving conversion of an existing power station at Multan, north-east Pakistan, will have total capacity of 600MW, and is due to be commissioned in 1994.

Russia and Ukraine agree to pay A$100m wool debt

THE Russian and Ukrainian *governments* have agreed to take joint responsibility for nearly A$100m (£42.9m) owed to Australian wool exporters by Vnesheconombank, the former Soviet bank for foreign economic affairs, Kevin Brown reports from Sydney.

Mr James Moore, insurance division manager for the Australian Export Finance and Insurance Corporation (EFIC), said the governments had pledged to repay the debt as soon as conditions allowed.

Russia and the Ukraine were the main *destinations for wool* shipped under a A$500m revolving 240-day credit facility negotiated in 1990 between Vnesheconombank and Mr John Kerin, Australia's primary industries minister.

The pact was intended to help keep Soviet woollen mills running and reduce growing stockpiles of Australian wool.

But no payments have been made because of the uncertainties in the Soviet financial system following disintegration of the Soviet Union.

Arrears will reach just under A$100m if the next payment is missed.

Mr Moore said EFIC was "optimistic the people we are dealing with are doing their best to get this issue settled".

Many textiles quota curbs may linger on

Frances Williams analyses a not-too-handsome victory for developing countries

GATT

FOR developing countries, the scrapping of barriers to world trade in textiles and clothing, worth $240bn a year, has been a crucial objective in the Uruguay Round of global negotiations. They have won *their case, but, contrary to the* claims of the US and European textile lobbies, by no means handsomely.

According to the draft textiles accord, many, perhaps most, quota restrictions under the Multi-Fibre Arrangement (MFA) need not be lifted until the year 2003.

The MFA, established in 1974, was intended to give the textiles industry in rich countries a breathing space to adjust to low-cost competition (restrictions on cotton textiles had already been imposed in the early 1960s). The pact governs the bulk of textiles and clothing trade between rich and poor countries. Nevertheless, textiles employment has halved in the European Community and Japan since 1973 and fallen by a quarter in the US and Canada, mainly due to heavy labour-saving investment.

Protection also costs western consumers billions of dollars a year in higher clothing prices.

In poor countries, protection makes it harder to establish successful textile and clothing industries, traditionally a first step in industrial development. In addition, the quota system tends to reinforce the dominance of established exporters, such as Hong Kong, and allows importers to dispense favours to particular countries which may not be the most competi*tive producers. Thus the Carib*bean states have opposed the draft accord which could ultimately end their preferential quotas in the US market.

The accord provides for a 10-year phase-out of all existing MFA quota restrictions, bringing textiles and clothing trade under normal Gatt rules for the first time. But the deal is heavily "back-end loaded".

Before the accord comes into force with the rest of the Uruguay Round package, planned for January 1993, importing countries must lift quotas on 4 per cent of total imports by volume, followed by an additional 12 per cent by January 1993, 17 per cent by January 1996, 18 per cent by January 2000 and the remaining quotas by January 2003.

However, importing countries can decide which products to "integrate" into the Gatt system from among all textiles and clothing imports, whether currently restricted or not. According to the International Textiles and Clothing Bureau (ITCB), which represents 22 developing country exporters, this could mean no abolition of existing quotas until the year 2000, as importers first "liberalise" the one-third or so products not now restrained under the MFA.

During the transition, annual quota growth rates in effect for 1992 would be raised by 16 per cent on January 1 1993. From January 1996 they would be 25 per cent higher than now, and from January 2000 27 per cent higher.

For countries with high quota growth rates, mostly medium and small exporters, this could mean big quota increases for some products. Overall, the ITCB calculates that quotas will expand on average by 55 per cent over the 10 years.

In return, importing countries have secured special safeguard arrangements for products not yet "integrated" that allow them to impose selective quotas (even where none now exist) if a surge of imports threatens "serious damage" to the domestic industry.

In addition, because the Uruguay Round package is a "single undertaking", developing countries will have to sign up to strengthened Gatt rules on dumping, subsidies, rules of origin and counterfeiting, and their compliance with these rules will be monitored under the textiles accord.

TEXTILE TRADERS 1990

Exporters	$bn	Importers	$bn
EC	15.55	EC	13.86
China	7.00	Hong Kong §	9.22
South Korea†	5.68	US	6.17
Japan	5.56	Japan	3.72
US	4.66	China	2.75
Switzerland	2.45	Canada	2.24
Hong Kong*	2.03	Austria	1.90
Austria	2.00	Switzerland	1.84
Pakistan ☆	2.00	Singapore	1.71
India†	1.56	South Korea†	1.65
Turkey	1.38	Sweden	1.22

*† Provisional. * Domestic exports. Re-exports totalled $8.27bn in 1990 ☆ 1989 § Includes imports for re-export. If re-exports are subtracted from total imports, retained imports totalled $3.95bn in 1989.*

Source: IMF and national statistics

Finally, all countries including developing nations will have to scrap non-MFA restrictions on textile and clothing trade which are not Gatt-sanctioned (eg. for balance of payments reasons, or as part of preferential trading arrangements).

The accord will apply to all Gatt members, whether MFA signatories or not. But trade with countries which are not *Gatt members, China being by* far the most important (see chart), will continue to be governed by bilateral pacts.

The future of the textiles accord now rests on two unknowns: the outcome of the tariff negotiations now underway in Geneva, and the renegotiation demand on the agriculture text by the European Community. In the tariff talks, the US has been unwilling to lower its high tariffs on textiles and clothing, while the negotiations overall are being slowed by uncertainty over the agriculture deal.

The present MFA was extended last year for just 18 months to the end of this year. If there is no Uruguay Round deal by then, the stage is set for a more restrictive MFA or a protectionist free-for-all in which developing countries would certainly be losers. The draft accord may not be what they hoped for, but it is far better than the alternative.

Bonn urged to speed Uruguay Round talks

THE presidents of Germany's six top economic institutes are urging the government to back the effort for agreement in the Gatt Uruguay Round, even if it means more drastic farm reform, Quentin Peel reports from Bonn.

Expressing their "deep concern" that the talks faced collapse over farm subsidies, the six spelt out a string of reasons why failure would damage the German economy.

These include the fragile state of the world economy, the exposure of Germany more than any other industrialised country to world trade, and the urgent need for eastern Europe, especially east Germany, to gain access to world markets.

The appeal amounts to an attempt to swing the debate in the government in favour of *farm reform. "The government* must disregard the particular interests of agriculture, press for reform of European agricultural policy, and overcome the resistance of individual EC member states, if it is to face up to the economic responsibility expected of it throughout the world."

The institutes include those from Munich, Berlin, Essen, Kiel, Hamburg and Halle.

US rethinks arms procurement philosophy

George Graham reports on the challenge to stay supreme in defence technology as budgets shrink

THE Soviet threat has for decades been both gauge and goad for the development of US military technology; its virtual disappearance is now forcing changes not just in the size of the defence budget, but in the way that money is spent.

"We are faced now with a different world situation in which we are no longer being chased by the Soviets or the Russians in the development of new technology," says Mr Donald Atwood, deputy secretary of defence.

Some weapons systems specifically targeted at the Soviet threat, such as the Seawolf submarine or the B2 stealth bomber, are being ended or cut. But it is the whole philosophy of procurement which is changing; no longer can the Pentagon rush new systems into production as soon as they are developed, regardless of cost or operational problems.

"We have weapons which have proved themselves to be the finest in the world, and we don't have to get into production on new ones just because we are chasing someone or they are chasing us," Mr Atwood says.

But with a shrinking budget forcing severe cuts in procurement programmes over the medium term, how is the US to ensure that it has the technological and industrial capacity to regain the upper hand if some future threat emerges?

The Pentagon's "new approach to defence acquisition" involves a much more rigorous approach to the decision on when to move a weapon system from the development phase into production. Many systems will stay as prototypes until all their technical problems have been worked out, and a real military need can be demonstrated. R&D contracts are expected to move to a cost-plus basis.

"In the past, the method of contracting with the industry has either encouraged them or they have encouraged themselves to buy in on the research and development phase, always in the back of their mind thinking they could get well in production. I think that's a cruel mistake and something we have to rectify," says Mr Atwood.

Mr Les Aspin, chairman of the House of Representatives armed services committee, thinks the Pentagon's new approach is inadequate.

In a recent report on the future of the defence industrial base, Mr Aspin ridicules the Pentagon's assumption that companies will be able to convert from military to commercial production and then back again as "a kind of industrial triple somersault".

Mr Aspin's committee has in the last few years been particularly critical of Mr Cheney's policy of shutting down the production line for existing weapons and shifting funds to the development of new tanks and aircraft still in gestation, and has repeatedly written these programmes back into the Pentagon budget.

This has provided fertile ground for Mr Cheney to complain of a spendthrift Congress forcing him to buy equipment he does not need.

In many cases, Congress's insistence is motivated largely by the desire to maintain production in an influential member's district.

While this is certainly fair criticism when it comes to buying more Meals Ready to Eat (the army's ration packs) when the Pentagon is still trying to give away surplus stocks to Russia, Mr Aspin makes a more serious case when it comes to major systems such as the M1 tank and the F15 fighter.

Mr Cheney and Mr Atwood argue that the 8,000 M1 tanks in inventory have proved their superiority in Desert Storm; the army has no need of more or better tanks.

Mr Aspin retorts that many elements of tank technology, especially armour, are uniquely defence-oriented: upgrading the armour and electronics of the M1 will maintain a "warm" continuous production capacity.

He cites an army estimate that mothballing tank production facilities would cost $758m over six years, and it would still take 51 months from start-up, and another $750m, to get the first tank off the line.

Senior administration officials, however, say it would only take around a year to get tank production started again so long – and the condition is important – as the Pentagon preserves critical manufacturing capability for components such as armour and engines. Some industrialists, however, believe Mr Aspin's solution of "warm" manufacturing rates combine inefficient production and high cost with only minimal reduction in the lead time needed to get the production line back up to speed.

"The conclusion I reluctantly draw is that maintaining a warm base for most items is simply far too costly to contemplate under the type of defence budgets being proposed for fiscal year 1993," says Mr Norman Augustine, chairman of Martin Marietta.

Mr Aspin goes further and advocates low volume procurement – regardless of whether the equipment is actually needed – to keep suppliers in certain critical areas, such as nuclear-powered vessels, alive.

Rebuilding a lost shipyard, Mr Aspin estimates, would cost at least $1.5bn and take six to seven years.

"If you want to be able to produce subs, if you want to be able to produce tanks – but there is no direct requirement to do so right now in military terms – you may need to produce some just to maintain the ability to produce some. That may be a necessary inefficiency," comments Mr Gordon Adams, director of the Defense Budget Project, a Washington research group.

Neither the administration nor Congress, however, wants to grapple with the question of choosing the survivors.

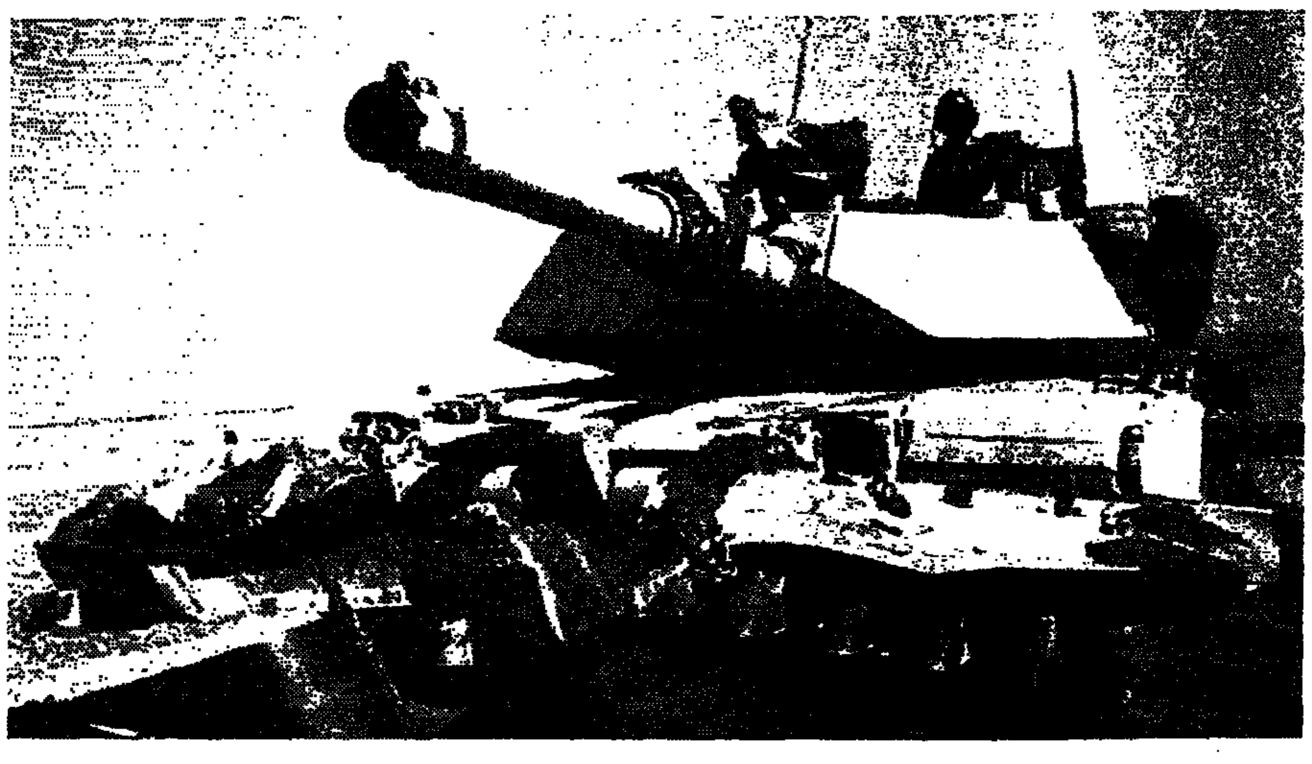
"He who gets the contract will survive. He who does not, will not," says Mr Aspin. But this kind of industrial Darwinism could leave the US dependent on fragile single suppliers.

The choice becomes particularly difficult at the subcontractor level, but it may be here that the most critical threat to US technological capacity is posed. "The problem with defence industrialisation is really at the subcontractor and vendor level. There's a certain amount of guys where the commercial world does not have a demand for what they make, and nobody has the policy to deal with that," says Mr John Ford, a former staff director of the House armed services committee.

It is ironic that, before US generals and industrialists have finished applauding the triumph of free market capitalism over the Soviet system, they may be forced to back into a form of centralised industrial policy.

BOEING, the aerospace group based in the Pacific north-western US, is this year to cut about 6,500 jobs in Washington state, or about 6 per cent of its employees there, because of Pentagon cuts in defence spending and a weaker market for commercial jets, writes Martin Dickson in New York.

The company said the reduction, out of a total employment of 156,500, would be achieved by redundancies and non-replacement. A company hiring freeze, which went into effect last October, would continue indefinitely.



IMPACT OF NEW DEFENCE ACQUISITION APPROACH ($bn)

	Prior years	Fiscal year 1993	Cumulative through 1997
B2 Stealth Technology		-0.6	-14.5
SSN-21 Seawolf Submarine	-3.4	-2.5	-17.5
Comanche Helicopter		-0.1	-3.4
Small ICBM missile	-0.2	-0.6	-1.0
ADATS Infantry Air Defence System		-0.2	-1.7
Advanced Cruise Missile		-0.4	-1.3
Advanced Air-to-Air Missile for Navy Fighters		-0.1	-0.6
Block III Tank		–	-0.4
Line of Sight Anti-Tank Weapon System		–	-0.9
Other		–	-0.7
Total Adjustments	-3.6	-4.4	-42.1

Source: US Defense Department

Brazil changes sell-off rules to draw investors

By Christina Lamb in Rio de Janeiro

BRAZIL is to alter its privatisation programme rules in an attempt to attract foreign investors, so far conspicuous by their absence.

Almost all the $1.7bn raised through state sell-offs last year consisted of domestic debt swapped at face value. Only 0.3 per cent was in the form of foreign debt instruments, which carry a fixed 25 per cent discount. According to Ms Maria Silvia Bastos Marques, an adviser on the privatisation programme, it is this discount that has deterred foreign investors.

"All the foreign banks we speak to complain they are being discriminated against and as a result there has really been no foreign participation," said Ms Marques yesterday.

Under a Brazilian Senate resolution, foreign debt instruments must be discounted in conversion operations. However, under the new rules to be introduced by mid-March the value of the discount will be determined by auction, with a minimum of 5 per cent.

Auctions will be held quarterly for options to convert foreign debt in the next three month's privatisations.

The National Development Bank (BNDES), which is co-ordinating the privatisation programme, has altered other rules to attract foreign participation.

The two year lock-in period during which foreigners were required to maintain shares in privatised companies has been abolished and the period for which the money must remain in the country has been reduced from 12 to six years.

BNDES officials have been anxious to change these rules before May, when large companies from the petrochemical sector go on sale. This week an auction for Goiasfertil, a loss-making fertiliser company, had to be suspended because there were no buyers.

Two to appeal in Mendes murder case

By Christina Lamb

THE Brazilian rancher and his son convicted for the murder of Mr Chico Mendes, the ecological campaigner, will today appeal for their sentences to be overturned.

Mr Darli Alves da Silva and his son Darcy were sentenced in December 1990 to 19 years' imprisonment for plotting the shotgun killing of Mr Mendes in his home in the Amazonian town of Xapuri two years earlier. As leader of the Amazonian rubbertappers, Mr Mendes was credited with publicising the destruction of the rainforest by landowners.

Mr Darcy da Silva, 23, admitted the crime but later withdrew his confession and subsequently maintained his innocence along with his father. However, a 15-year-old boy who had worked at their ranch gave detailed testimony of their plotting and they were convicted unanimously.

The da Silvas hope that with the fading of international attention, their sentences may be reversed. However, environmental campaigners believe this would cause an international outcry which President Fernando Collor is anxious to avoid as host of the UN-sponsored World Environment Conference in Rio de Janeiro in June.

Terror of taxmen strikes Argentina

By John Barham in Buenos Aires

THEY are called the "untouchables". They attack unpredictably, hunting in packs. Argentina's tax inspectors are striking terror into the hearts of businesses great and small.

The "untouchables" have been busy for over a year, in a tough campaign against tax evasion. But they only really entered the limelight when inflation in January lurched out of control, leaping to 3 per cent from 0.6 per cent in December.

Mr Domingo Cavallo, economy minister, blamed the retail and service sectors and unleashed the "untouchables" in the hope of halting index-linking, which he saw as mortal threat to his anti-inflation policies.

Since then, there has been no stopping them. In Buenos Aires, they are closing down over 10 businesses a day, taping bright red seals across the doors of alleged tax evaders. The increasing risk of detection and the considerable costs has prompted companies to come clean in unprecedented numbers. Above all, the seals are blatant warning of the costs of raising prices.

The tax department was once a standing joke. Inspectors were notoriously inept. Tax dodging reached such extraordinary proportions that the World Bank reported that in 1988 corporate and individual income taxes accounted for just 1.5 per cent of gross domestic product.

When Mr Cavallo took office in January 1991, he saw tax evasion as one of the root causes of Argentina's economic malaise. He claims to have run a $200m budget surplus in 1991, and plans to raise current revenues by 20 per cent to a forecast $35bn in 1992.

US trade deficit in 1991 narrows sharply to $66bn

By Michael Prowse in Washington

A COMBINATION of recession and robust export growth led to a sharp narrowing of the US trade deficit last year, the Commerce Department reported yesterday.

The merchandise trade deficit fell to $66.2bn compared with $101.7bn in 1990, ending a seven-year string of $100bn-plus deficits.

Figures for December, however, showed a widening of the monthly deficit to $5.9bn against $4.2bn in November. The deterioration, concentrated mainly in capital goods, reflected a $1bn rise in imports to $42.1bn and a $0.8bn fall in exports to $36.1bn.

The improvement in the deficit last year reflected a 7 per cent increase in exports and a 1.5 per cent decline in imports.

Exports of manufactured goods rose 9.3 per cent, indicating that US industry is more competitive in world markets.

US trade performance improved against most regions: the US surplus with western Europe, for example, rose to $16.1bn compared with $4.0bn in 1990. The bilateral deficit with Japan, however, widened from $41.1bn to $43.4bn.

Many analysts expect a fresh deterioration of the overall trade deficit this year.

Imports are expected to rise sharply if the domestic economy recovers from recession. Weaker demand in overseas markets may curb export growth.

● Nearly four in 10 Americans believe their personal finances have worsened under the Bush administration, Money magazine said in a poll released yesterday, AP reports from New York. The poll also found that one in five Americans, when surveyed last year, believed the country was in the beginning of a depression.

Money further found that 30 per cent of all consumers will continue to spend less money after the downturn ends.

The survey is based on results from two 1991 polls conducted for the magazine by Willard and Shullman, a research company.

New Hampshire's margin for Bush cut

By George Graham in Washington

FINAL vote counts from Tuesday's New Hampshire primary have cut the tallies of both President George Bush and his right-wing challenger, Mr Patrick Buchanan.

After adding in candidates written in on the ballot papers, officials said President Bush had won 53 per cent of the votes in the Republican party primary, rather than the 58 per cent he was initially credited with.

Mr Buchanan, a former speechwriter to presidents Richard Nixon and Ronald Reagan, won 37 per cent of the vote, rather than 40 per cent as initially reported.

While the revised official count lowers Mr Buchanan's vote below the 40 per cent barrier, it also narrows Mr Bush's margin of victory. It does not appear to have substantially altered the view that Mr Bush had been badly embarrassed.

"I don't think anyone is going to get too euphoric over a 53 to 37 score," an administration aide said.

For the Democratic primary, the adjustment was much smaller. Governor Cuomo's name was not on the ballot, but a write-in campaign produced a 4 per cent score. Mr Paul Tsongas, the former senator, saw his winning total cut to 33 per cent from 34 per cent, while Governor Bill Clinton of Arkansas dropped from 26 to 25 per cent.

Noriega officers 'met CIA'

A FORMER high-ranking officer in the Panama Defence Forces (PDF) who served under Gen Manuel Antonio Noriega has testified that the PDF maintained extensive contacts with the US Central Intelligence Agency during the time Noriega ruled Panama, Henry Hamman reports from Miami.

Major Cleto Hernandez said in video-tape evidence shown at Gen Noriega's drug-trafficking trial in Miami that, from 1972 on, he had direct contacts with the CIA. He alleged meetings at CIA offices at which intelligence officials from Central American countries and the CIA exchanged information. But he did not know if Panamanian intelligence officials had reported to the CIA on Cuba.

Caterpillar strike grows

By Barbara Durr in Chicago

ATTEMPTS to restart contract negotiations between Caterpillar, the world's biggest maker of earth-moving equipment, and the United Auto Workers union have failed. Both sides in the three-month-old dispute appear to be digging in for a long battle.

After a meeting on Wednesday, the UAW rejected the company's latest amendments to its previous contract proposal. The union said the modifications fell short of "an equitable pattern agreement". Pattern agreements are comparable labour contracts within an industry. The UAW is determined to win a contract similar to one it agreed last year with Deere & Co, also a heavy-equipment maker.

Caterpillar said it was "disappointed" with the UAW decision and warned its latest offer was final. The company had asked for a return to the bargaining table this week after recalling some 5,600 union members it had locked out last November.

The lock-out was in retaliation for a partial strike by 2,400 UAW members. But the union has placed 5,600 members on strike, bringing the total of strikers to 8,000. The UAW represents over 16,000 Caterpillar workers. The union claimed the company was engaging in "union-busting behaviour" by hiring a security company it says has been known to use tough tactics.

The strike affects plants in four states, with Illinois, where Caterpillar is based, hit especially hard.

Vocal separatists of Quebec: one of the few groups not represented at the conferences

Many pitfalls may still lie in wait for the spirit of a stable Canada

Bernard Simon on a conference for the broadest imaginable constituency

IF POLITENESS and bonhomie were enough to solve a country's political problems, the spirit at a series of conferences held across Canada over the past five weekends might suggest that the threat of a Quebec breakaway has been averted.

The broadest imaginable cross-section of Canadian society – including the Bank of Montreal's chairman, a British Columbia Indian leader, the blind director of the Canadian Disability Rights Council and several dozen "ordinary" folk chosen by lottery – gathered in a different city each weekend to swap ideas on how to prevent one of the world's most stable democracies from breaking apart.

With the help of some careful behind-the-scenes planning, the conferences demonstrated the famed Canadian spirit of tolerance and compromise at its best.

In an atmosphere akin to a trade convention, the 240-odd participants split into small working groups and lined up at microphones in plenary sessions to politely spell out their views on the thorniest issues in Canadian politics. Many acknowledged that the experience changed their minds, especially towards the French-speaking province of Quebec.

Such open-mindedness has undoubtedly improved the climate for the tough negotiations which lie ahead in the run-up to the sovereignty referendum which Quebec is expected to hold in October. The conferences succeeded in finding broad and, in some cases, surprising agreement on some of the issues which will confront both French and English-speaking Canadians over the next few months.

But Canada is by no means out of the woods. As Mr Gordon Robertson, one of the country's most respected constitutional experts, put it at the final meeting in Vancouver last weekend: "We've achieved success by avoiding a lot of the hard questions."

The conferences, each with its own theme, were organised by Constitutional Affairs Minister Joe Clark to counter criticism that the public was not being adequately consulted in drawing up a new deal between Quebec and the country's other nine provinces.

The meetings were designed to dovetail with the work of a 30-member parliamentary committee which is gathering reaction to a series of constitutional proposals submitted last September by Prime Minister Brian Mulroney's government.

Ottawa has suggested in essence a greater devolution of powers to Quebec in return for greater federal authority over economic policy. The package also includes concessions to numerous other disaffected groups. Western Canadians would be offered a stronger voice in Parliament, and aboriginal people would get a commitment to a measure of self-government.

Judging by the conferences, English-speaking Canada is now willing to give Quebec constitutional recognition as a "distinct society," the issue which more than any other fuels Quebec nationalism.

The conferences have cleared the way for the Senate, the upper house of Parliament, to be converted from an appointed body into an elected body, and for a more concerted drive to bring down the pervasive non-tariff barriers which impede trade between the provinces.

But, in all these areas, some big gaps remain.

Quebec separatists, who have had the bit between their teeth for the past two years, were among the few constituencies not represented at the conferences. Even the more-flexible Quebeckers are warning that their English-speaking compatriots may be lulling themselves into false complacency. "On a symbolic level, we've made progress," said one Quebecker in Vancouver. "But we haven't begun to find a consensus on what powers should be devolved."

There is a widespread fear that the old rifts will open up again, once specifics are put under the microscope. All the bonhomie of the past few weeks could not hide a disagreement among English-speaking Canadians over whether extra powers should be granted to Quebec alone, or whether they should also be offered to any other province which wants them.

The process for approving a new deal also holds many pitfalls. The federal government has so far given no indication how it plans to proceed once the parliamentary committee submits its report at the end of this month.

The premiers of the nine provinces outside Quebec, who all have their own agendas, are demanding that they be consulted more closely. Some have promised their citizens a referendum, and even a national referendum remains a possibility.

The only certainty is that Ottawa will avoid any proposals which involve the unanimous ratification which the constitution required for the provisions of the earlier, now scuppered, Meech Lake accord on the issue. Whatever deal is drawn up will probably need approval of only six provinces in addition to Quebec.

One of the thorniest unanswered questions is how Quebec Premier Robert Bourassa will react. He has made his name as a political weathervane, rather than as a courageous leader, and may be under intense pressure to reject just about any deal which English-speaking Canada can cobble together.

Cheney urges halt to Condor missiles

By John Barham in Buenos Aires

MR Dick Cheney, US defence secretary, is understood to have pressed Argentina to keep its promise to halt the Condor II medium-range missile project and impose tighter controls on other sensitive projects, especially its small nuclear technology industry.

Mr Cheney arrived yesterday in Buenos Aires as part of a whistle-stop swing through five Latin American republics.

The US is leading an international campaign to halt the Condor project. The Argentine air force has systematically evaded civilian control and is believed to have transferred Condor designs to Middle Eastern countries. Only last week did the air force formally transfer the Condor to a civilian space commission.

Mr Cheney's visit comes as the region's armed forces are searching for a new role, now that civilians govern South America. Mr Cheney gave his firm backing to efforts to professionalise the military.

Mr Erman González, Argentine defence minister, agreed broadly with Mr Cheney.

The Argentines demanded that Washington resume arms sales to its armed forces. Washington has supplied some equipment, but has informally backed Britain's arms embargo, introduced at the time of the 1982 Falklands conflict, by withholding sensitive hardware.

Argentina wants to buy second-hand F-16 jet fighters, a move opposed by London.

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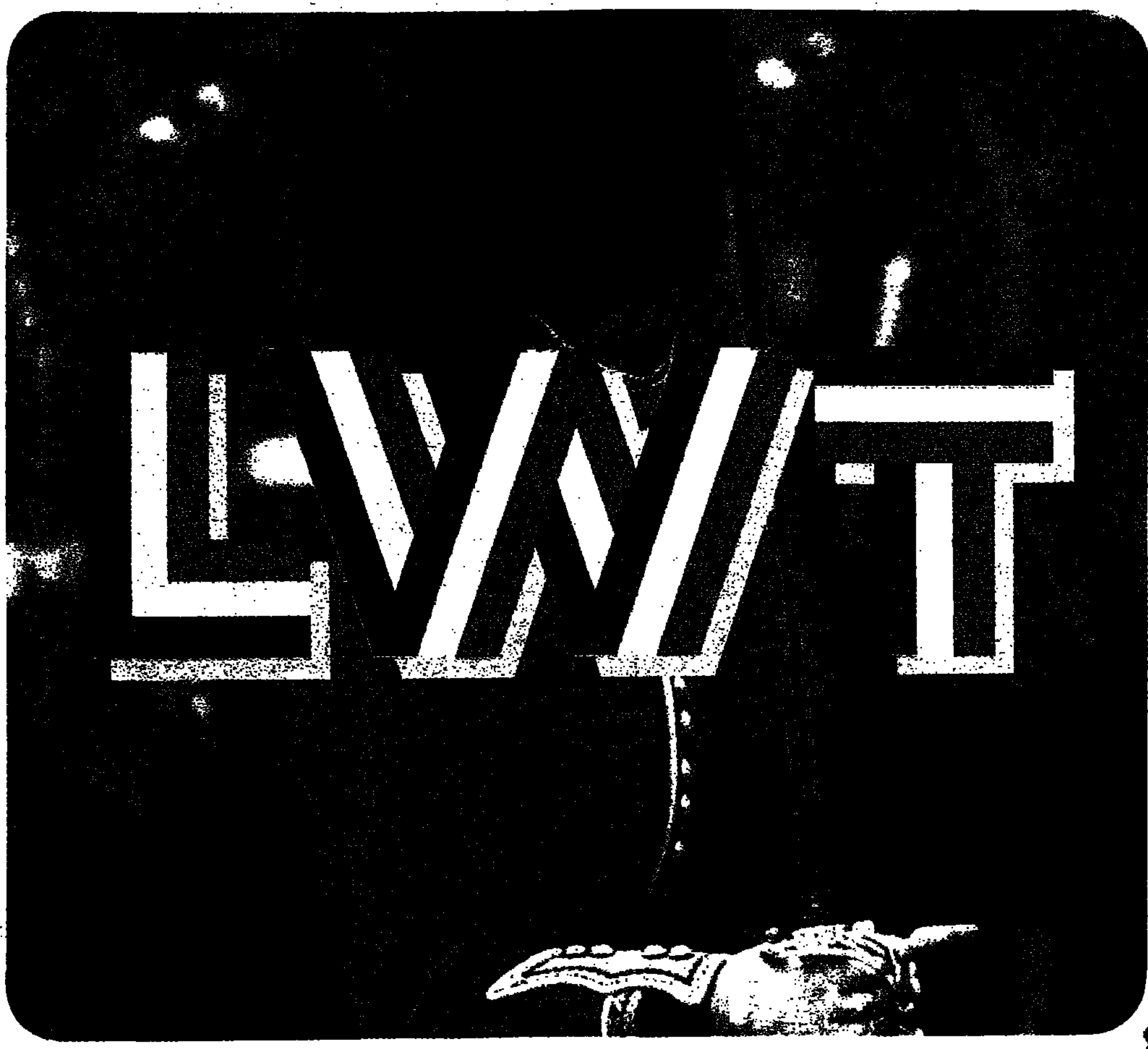
INFORMATION TECHNOLOGY

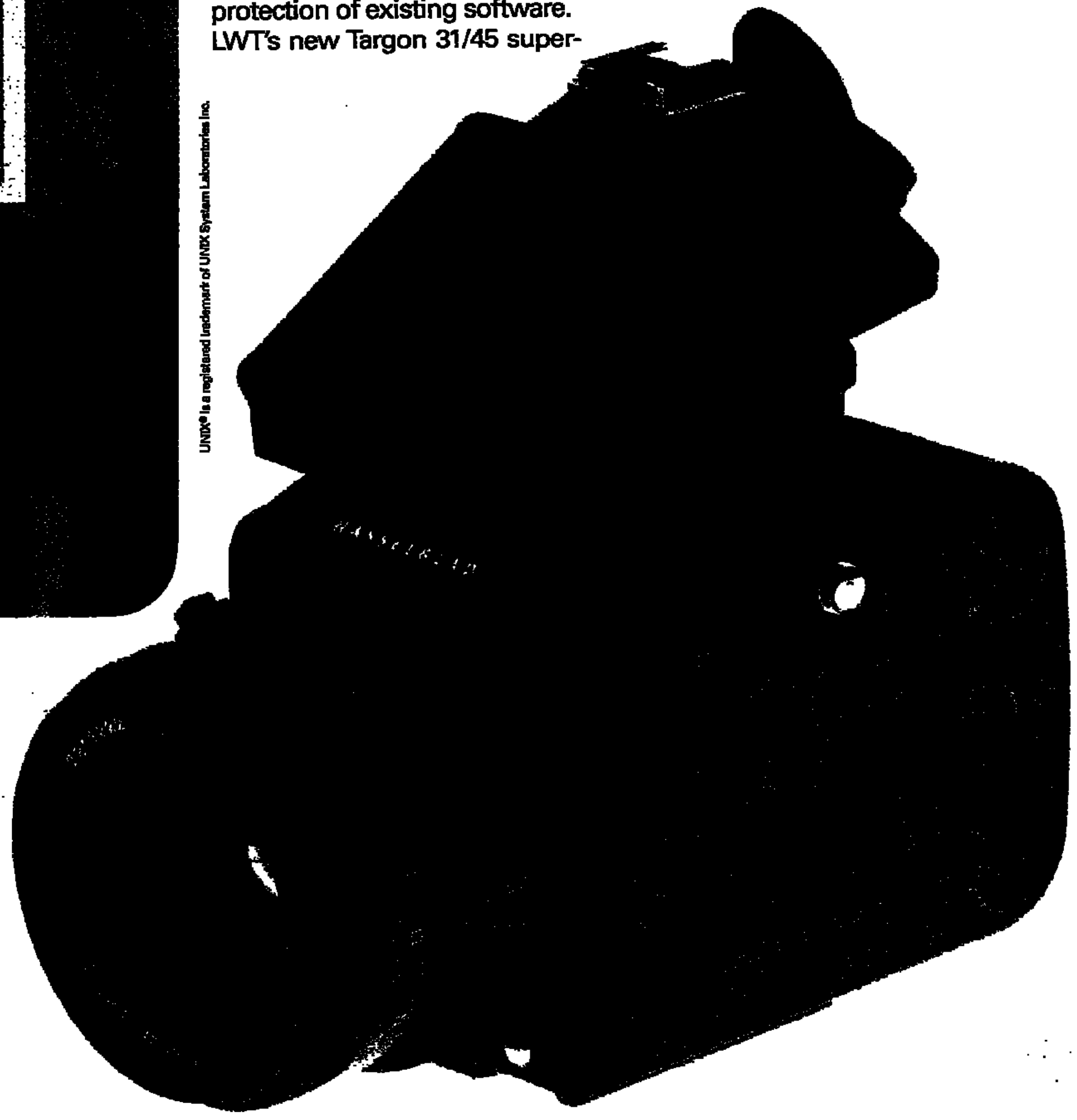
IT-WORLD NEWS



London: LWT switches to UNIX with Cross Basic.

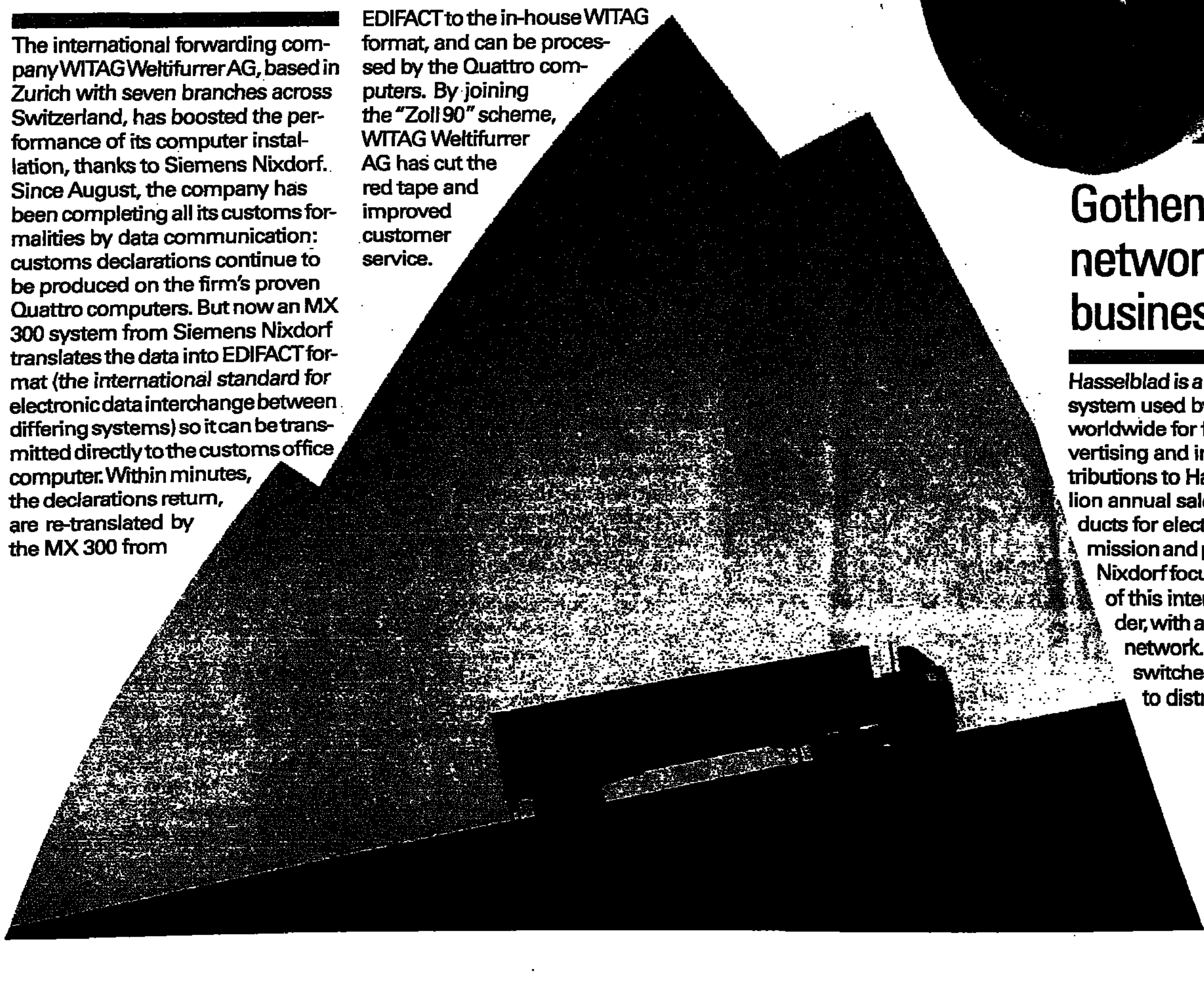
In 1976, London Weekend Television invested in a Siemens Nixdorf solution which promised long-term investment protection, expandability and cost-savings: Quattro computers and COMET Software. That promise was fulfilled, and in 1991 the station decided to switch to UNIX, to bring the system in line with LWT's open system strategy. Siemens Nixdorf presented a new system which guaranteed a route to open systems coupled with full protection of existing software. LWT's new Targon 31/45 supermicro, supported the company's installed UNIX technology, and corporate network users could access applications software previously held on the Quattro 8870. Siemens Nixdorf Cross Basic handled the software transfer: existing proprietary applications, now run on the Targon. "We have been able to connect existing applications to our open systems environment without the cost of rewriting our software," says Paul Gibson, LWT's group systems controller.

UNIX® is a registered trademark of UNIX System Laboratories Inc.



Zurich: Swiss freight company takes the fast lane with Siemens Nixdorf.

The international forwarding company WITAG Weltifurrer AG, based in Zurich with seven branches across Switzerland, has boosted the performance of its computer installation, thanks to Siemens Nixdorf. Since August, the company has been completing all its customs formalities by data communication: customs declarations continue to be produced on the firm's proven Quattro computers. But now an MX 300 system from Siemens Nixdorf translates the data into EDIFACT format (the international standard for electronic data interchange between differing systems) so it can be transmitted directly to the customs office computer. Within minutes, the declarations return, are re-translated by the MX 300 from EDIFACT to the in-house WITAG format, and can be processed by the Quattro computers. By joining the "Zoll 90" scheme, WITAG Weltifurrer AG has cut the red tape and improved customer service.



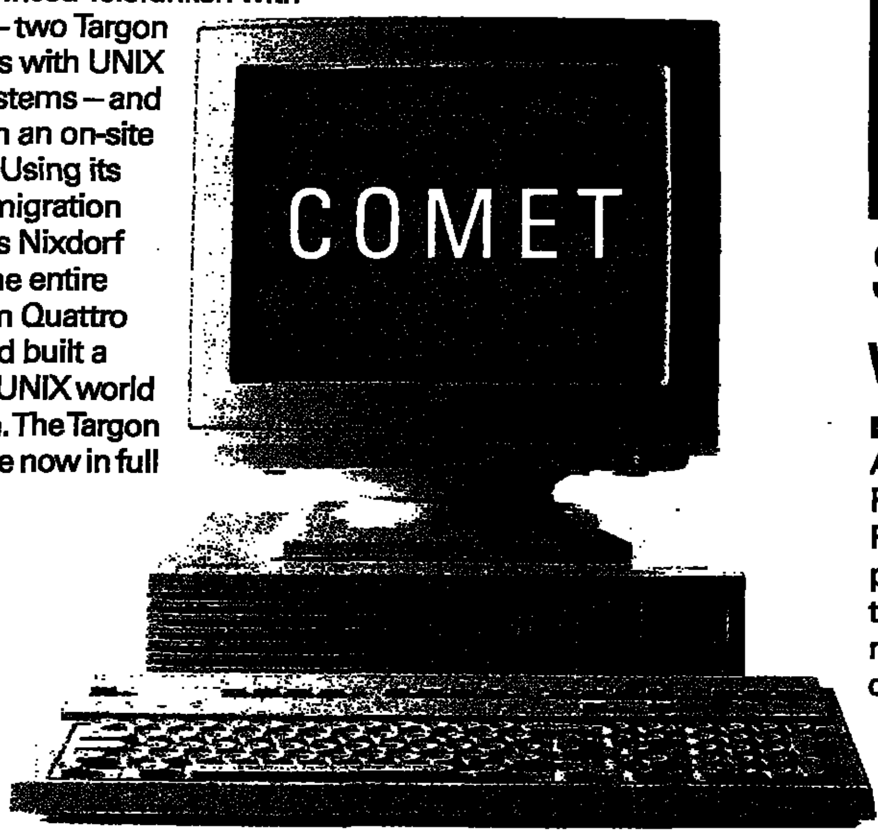
Gothenburg: Client/Server network sharpens the focus on business at Hasselblad.

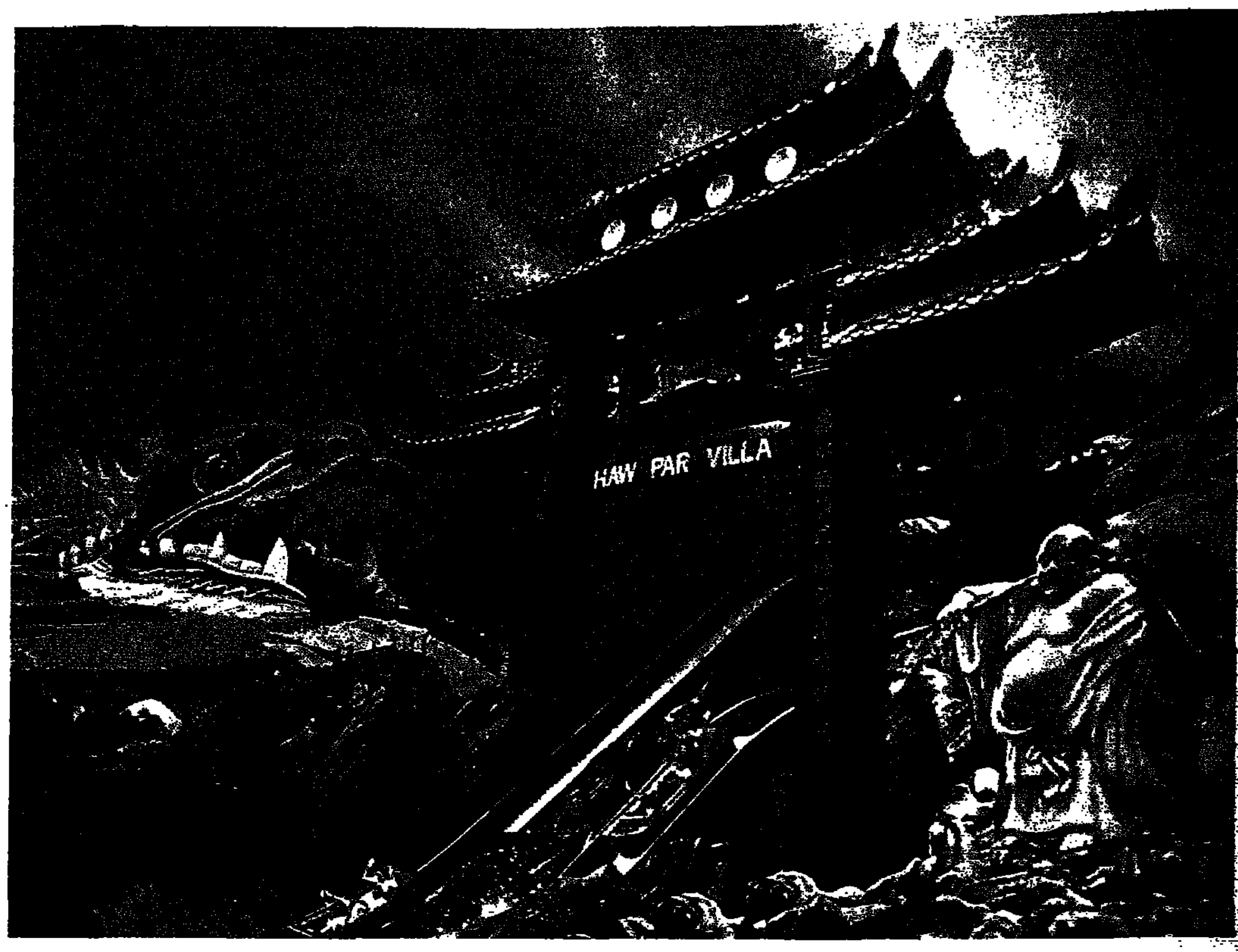
Hasselblad is a professional camera system used by photographers worldwide for fashion portraits, advertising and industry. Other contributions to Hasselblad's K637 million annual sales come from products for electronic image transmission and processing. Siemens Nixdorf focuses the organisation of this international market leader, with a modern client/server network. Hasselblad has switched from centralised to distributed information processing. Master data is managed centrally using databases on a Siemens Nixdorf host computer, running under the operating system BS2000. Commercial tasks – purchasing, materials management, wages and salaries accounting and word processing – are handled by 100 connected terminals and PCD systems. Data is transferred smoothly across this complex network by Transdata, the Siemens Nixdorf software for teleprocessing and networking different types of systems and computers.

SIEMENS NIXDORF

Vocklabruck: Siemens Nixdorf builds Telefunken's bridge to the UNIX world.

Siemens Nixdorf safeguards IT investment: look no further than Telefunken/Austria. This electronics manufacturer – a long-standing Siemens Nixdorf customer with Quattro systems and COMET TOP software – amalgamated its Vocklabruck and Braunau factories, and decided to enter the UNIX world. Several computer manufacturers were asked to develop a solution which would guarantee one thing above all: to protect the company's investment in COMET TOP software built up over many years. Siemens Nixdorf convinced Telefunken with its proposal – two Targon 35 computers with UNIX operating systems – and proved it with an on-site pilot project. Using its Cross Basic migration tool, Siemens Nixdorf transferred the entire software from Quattro to Targon, and built a bridge to the UNIX world for Telefunken. The Targon computers are now in full operation.



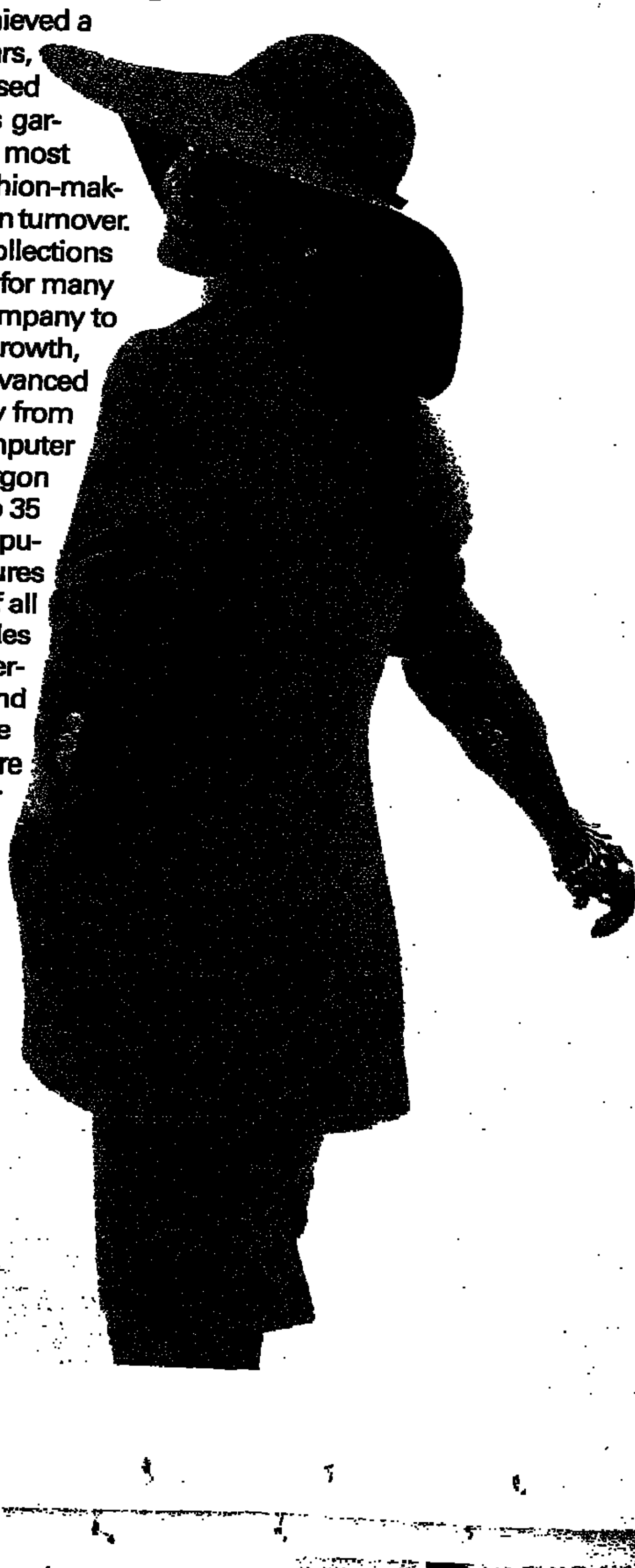


Singapore: Behind the scenes at the Dragon World Park, who's the star attraction?

A year ago, International Theme Parks Pte Ltd opened Dragon World Park. Today, this is one of Singapore's major attractions, where tourists can learn all about Chinese mythology. Behind the scenes: a complete $S1 million integrated information solution from Siemens Nixdorf. A Targon 31/15 UNIX computer, with on-line connections to 30 8860 POS terminals, controls food and beverage management, performs ticketing and admission administration, runs financial accounting and monitors shop sales. Major features include computerised turnstiles at entry and exit points, which provide accurate and immediate visitor figures and give management the ideal basis for strategic planning and decision-making.

Milan: Trend-setting solution for a top-class fashion company.

Gibierre S.p.A. has achieved a great deal in seven years, expanding from a licensed distributor of women's garments into one of the most sought-after Italian fashion-makers, with a DM 11 million turnover. Demand for Gibierre collections has been international for many years. To enable the company to keep track of its rapid growth, Gibierre has ordered advanced information technology from Siemens Nixdorf: a computer network including a Targon M31 computer, Quattro 35 high-performance computer and peripherals ensures the smooth handling of all operational tasks. Besides stock organisation, ordering, order processing and financial accounting, the system handles the entire production planning for two collections, with more than 80 models, each year.

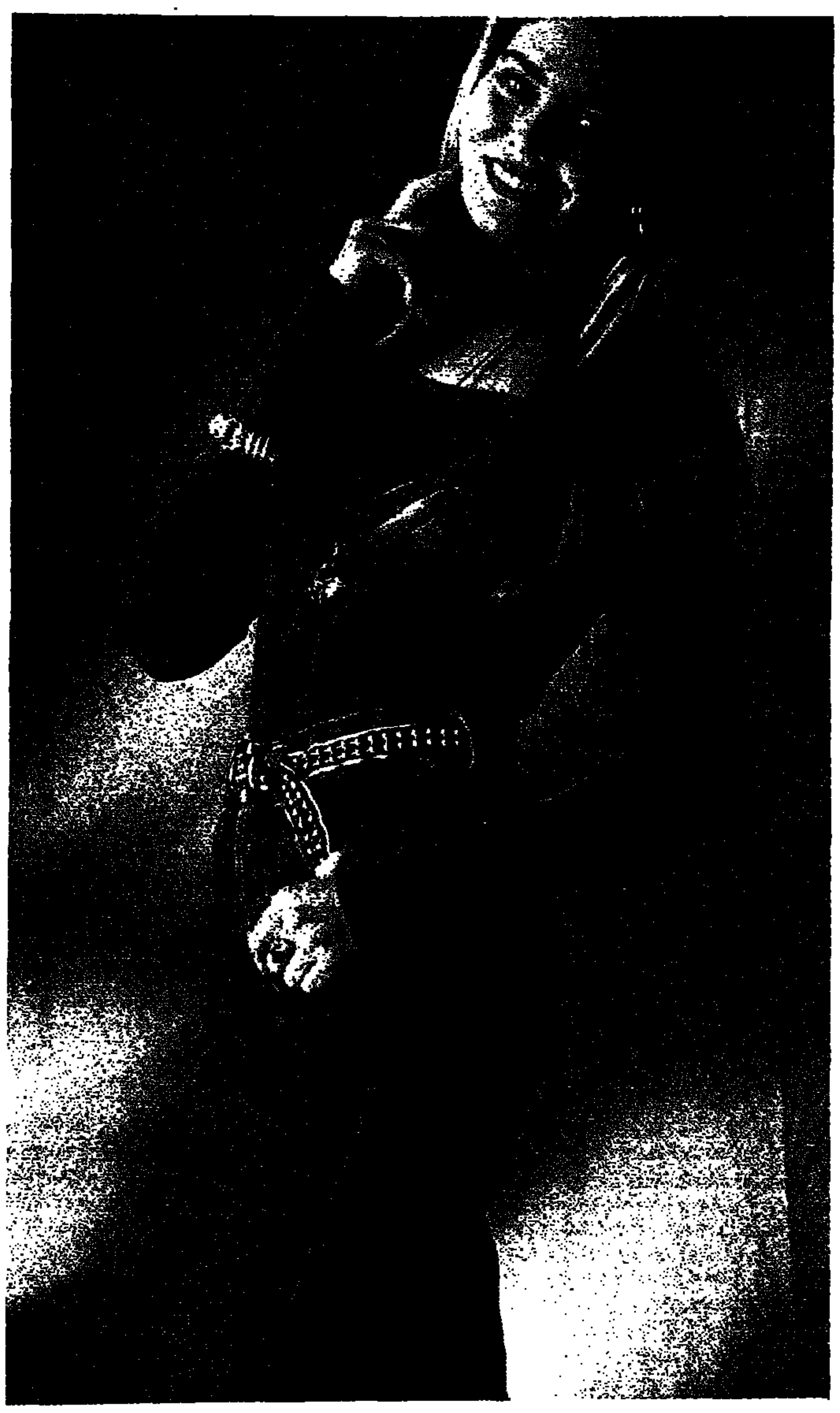


Munich: Sixt is setting the pace with Siemens Nixdorf.

Sixt, with its low prices and new ideas for customer service, is on the way to becoming one of Germany's top car rental companies. Cooperation with Siemens Nixdorf has paid off for Sixt in the long run: A company-wide network is now handling the greatly expanded scope of operational and administrative tasks. There are 140 Siemens Nixdorf systems at Sixt's rental outlets, a central computer at head office and a direct link to the Dallas computer centre of licensing partner Budget Rent-a-car, for international reservations and invoicing – this is an exclusive Sixt service. Siemens Nixdorf has proved to be just the right partner to implement new self-service ideas, with its "Rentomats" located at all German airports. Travellers can use Siemens Nixdorf CSCs up to a few minutes before take-off to book a Sixt car at their destination airport – new technology improving the efficiency and simplicity of self-service facilities.

Brussels: COMET rockets to UNIX for PEPE Jeans.

What began in 1973 in a small shop on London's Kings Road has grown into one of the five largest jeans brand names: the PEPE label on jeans and casualwear now generates sales worth billions. And now, all the strings controlling PEPE's entire European business will soon be pulled from what was their Benelux headquarters in Brussels. More business demands greater computer power: PEPE, which has used COMET software and Quattro systems from Siemens Nixdorf since 1984, has decided to become a UNIX® user – reaffirming its partnership with Siemens Nixdorf. Because Siemens Nixdorf could guarantee that – despite a change of hardware – all existing data and applications software could be switched to UNIX, smoothly and without disruption. The software transfer from Quattro to Targon 31, running under UNIX, was completed in only four days. And COMET, Europe's largest software library, has proved again that it is an economical, secure, long-term investment in technology.



Aretsried: CAI from Siemens Nixdorf makes everything run smoothly at Müller-Milch.

Innovative product ideas and entertaining advertising are vital ingredients in the recipe for success at Alois Müller GmbH, Germany's biggest dairy company. Another is its partnership with Siemens Nixdorf. Computer Aided Industry (CAI) is the idea behind Siemens Nixdorf's new system to combine a variety of processes into a homogenous whole. At Müller headquarters in Aretsried, data processing is shared by a BS 2000 host and a SINIX® computer, which handle production planning and control, computer-aided manufacturing and sales and corporate administration. The network also links to SINIX systems at branches in Germany and subsidiaries in Britain and France. Now the firm runs more smoothly: from farmers' invoices to telephone sales, from cold store control to electronic handling of filling plants; and from packaging recycling to route planning for the company fleet, delivering around 1 billion fresh products every year.

SINIX® is the UNIX® operating system from Siemens Nixdorf.
UNIX® is a registered trademark of UNIX System Laboratories Inc.

Luxembourg: COMET – The spark for growth at Electro-Auto.

Electro-Auto never doubted Siemens Nixdorf's long-term support for customers' corporate development. Six years ago, the Luxembourg-based supplier of automotive electrical and mechanical systems and accessories entered the world of Quattro and COMET, Europe's most comprehensive software complex. Initially, COMET dealt only with book-keeping, but other applications were covered module by module. The hardware has also kept pace with corporate growth: besides its 8870 monoprocessor computer, Electro-Auto now uses the advanced multiprocessor technology of the Quattro 45. The entire range of commercial tasks, from order processing and stock management to invoicing and production, is managed by five COMET software subsystems. For Electro-Auto, COMET and Quattro have proved a reliable solution, with countless opportunities for further development. "We know that our requirements will always be met by Siemens Nixdorf's ongoing hardware and software developments" says Electro-Auto's Mr. Pierre Reinert.

Copenhagen: Pharmaceuticals wholesaler increases logistics performance with BS2000.

Rarely is product availability in the right place at the right time so important as in health care. K V Tjellesen A/S is one of four Danish pharmaceuticals wholesalers, and has chosen a system that is open for communication with its business associates' systems: a 7.500 C40 running under the operating system BS2000 from Siemens Nixdorf. Using the software package SIAM, this high performance computer handles all order processing and contracts, plus book-keeping and stock organisation. Products ordered by pharmacies over the telephone can be called from stock immediately and delivered just-in-time. Out-of-stock products are reordered immediately from the manufacturers. The result: by improving its logistics, K V Tjellesen has shown itself to be a powerful partner for pharmaceuticals manufacturers and pharmacies – and has strengthened its market position.

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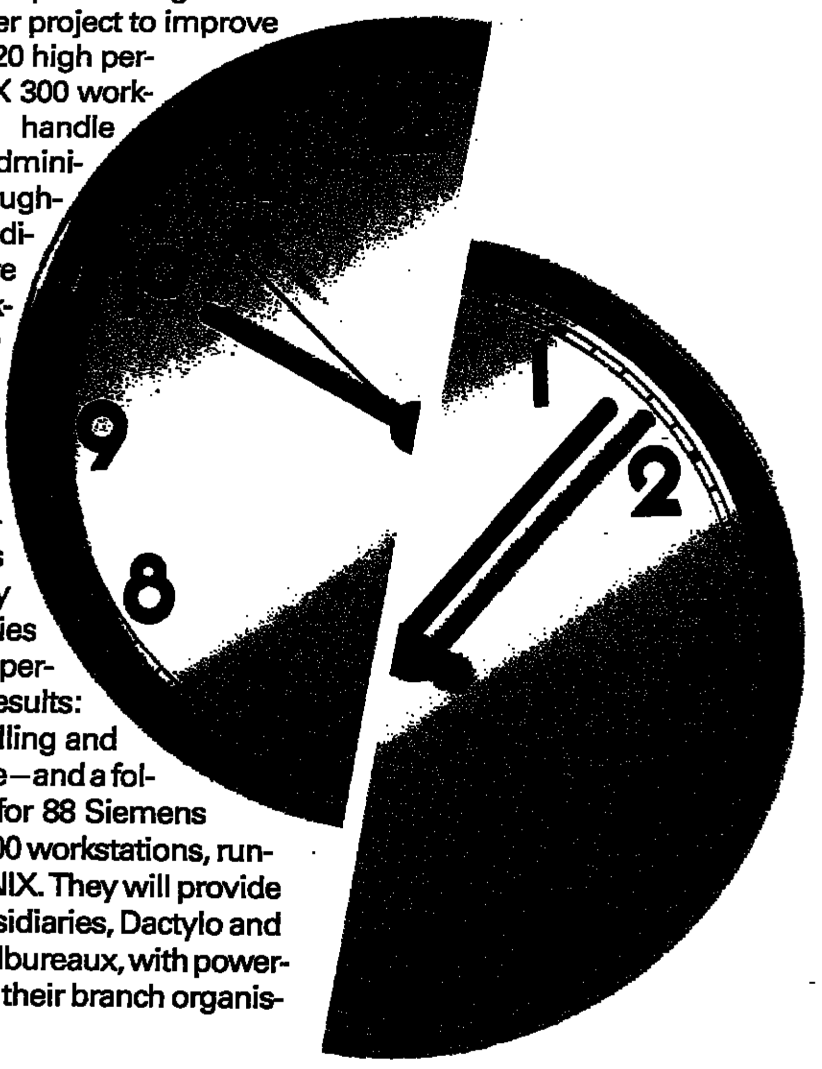
Almere: Time-saving solution for a leading dutch temp staff agency.



Vedior International BV Holding is one of Holland's biggest employment agencies, with a 1.6 billion guilder turnover and more than 1500 employees. With Siemens Nixdorf, it is implementing a 5.0 million guilder project to improve its service: 220 high performance MX 300 workstations will handle the branch administration throughout its subsidiaries. More than 100 workstations have already been installed at its subsidiary ASB. They deliver information that's updated daily on vacancies and qualified personnel. The results: better counselling and a faster service – and a follow-up order for 88 Siemens Nixdorf MX 300 workstations, running under UNIX. They will provide two other subsidiaries, Dactylo and Vedior Uitzendbureaux, with powerful support for their branch organisations.

Tampere: Targon illuminates a Northern lighting leader.

Tammerneon is a shining light in the Scandinavian neon display industry, the market leader with a Fmk 32 million turnover and a list of customers ranging from major automobile dealers to petroleum companies. Working with Siemens Nixdorf, the company is putting its organisation in the right light, by decentralising its information processing. The first step is a high performance Targon computer with integrated PCs. Estimates and order processing are handled at workstation level. The Targon system also provides other vital information, including product and customer details. This Siemens Nixdorf solution improves the flow of information between administration and production departments: orders can be transferred from the sales office computer to production planning, to be fulfilled just-in-time.

Pohlheim: BS 2000 computer power grows with the demands of the office furniture market.

Franz Vogt & Co KG (VOKO) of Pohlheim, near Frankfurt, a company with a long track record of successful innovation in office furnishing, is shaping up for a toughening market. A DM 3.5 million order to boost VOKO's computer power went to Siemens Nixdorf. With 50 MIPS of power, excellent network capability and open communication of interfaces the H90 high performance computer from Siemens Nixdorf's BS 2000 family is at the heart of the company's restructuring effort. A changeover to a modern client-server system, introduction of production control centres and development of a material management system are as much a part of this process as the advanced new just-in-time logistics: the entire VOKO product range – from office furniture, partitioning and filing systems to complete furnishing programmes for banks – will be manufactured under proven, order-related just-in-time principles.

IT-WORLD NEWS shows how not only the really large but also smaller and medium-sized companies can benefit from co-operation with Siemens Nixdorf. With a product spectrum ranging from mainframe computers to self-service terminals, Siemens Nixdorf can offer its customers all the components needed for efficient IT solutions. The synergistic advantages provided by a system partnership with Siemens Nixdorf become especially clear in the long term: Siemens Nixdorf supports companies of all sizes and in all sectors in their development, introduces them to new technologies, co-ordinates computers and systems of the most varied classes in efficient networks – and thus puts its customers' investments on a secure long-term basis.

For further information, please contact: Siemens Nixdorf Informationssysteme AG, UK 41, Postfach 83 09 51, 8000 München 83

Synergy at work

UK NEWS

Helicopter club to be grounded by auditors

By David White, Defence Correspondent

EVERY MONTH, a group of companies jointly hires a helicopter from Liverpool to London to enable them to collect their contract payments from the Ministry of Defence (MoD).

Among all the quaint practices that have become part of British military tradition, the "helicopter club" is among the least known.

Its existence comes to light in a report today by the National Audit Office (NAO), which monitors how public funds are used. But it is set to disappear when the MoD introduces automatic payment transfers this spring. The ministry has been chewing over this change for eight years.

In the meantime, contractors such as GEC-Marconi and Westland have been organising the helicopter run in order to collect payable orders from the MoD's Directorate of Accounts (Bills) in Liverpool, rather than wait for the mail.

The Liverpool directorate handles about half the MoD's £24bn annual payments.

Under current practice, contractors present bills to the MoD every four weeks, on a Monday. Payable orders are available for large contractors at 11.30 on the Friday morning, and for other suppliers the following Monday. Using the mail, it would take until Wednesday or Thursday for companies to clear the funds, so the main suppliers arrange with the Bank of England to present the orders themselves and clear the money into their accounts the same day.

Leading contractors yesterday confirmed the arrangement – one acts on behalf of the others to pick up payable orders often worth tens of millions of pounds. The round-trip flight costs about £2,000, according to charter companies.

The cost of the trip can be more than covered by earnings on overnight money markets.

The Treasury, according to the NAO, has accepted this arrangement because it sets a good example of prompt payment.

But the MoD has been considering since 1984 whether electronic transfer might not be easier. It decided in principle to move to the BACS clearance system in 1988 but was concerned that it might actually delay payments to its main suppliers. The system is now due to be introduced in April – although contractors suspect it may be later – simultaneously with a switch to fortnightly billing.

The NAO found that the MoD overpaid contractors by £166m in the 1989-90 financial year. The money was subsequently recovered, but on average five months later.

Business questions status of Scotland

By James Buxton, Scottish Correspondent

THE Conservative party's hopes of maintaining the constitutional status quo in Scotland suffered a serious setback yesterday when two leading business groups admitted change was inevitable.

A cross-party group of businessmen heading medium-sized companies launched an organisation called 'Business Says Yes – to constitutional change'. They said many business people were "eagerly awaiting the establishment of Scotland's own government" and believed it would be good for business.

In a separate statement, the Confederation of British Industry (CBI) in Scotland said "the present mechanisms of government could be improved". But it added that the alternatives on offer from the opposition would be bad for the Scottish economy and challenged all parties to offer better proposals.

The acknowledgment by the CBI in Scotland that the constitutional status quo was no longer tenable came only ten months after a survey showed that three quarters of its members were opposed to any form of Scottish assembly, with more than half favouring no change.

Mr Alasdair MacCallum, chairman of the CBI in Scotland, said its main objection was to the proposal by Labour that a devolved Scottish parliament could impose higher income tax in Scotland than in the rest of the UK.

But independence, proposed by the Scottish National party, was the most dangerous option of all, he said.

The CBI's Scottish council, composed of leaders of Scottish industry, issued a 14-point questionnaire to all four Scottish political parties challenging them to show how their proposals "would enhance the position of businesses operating in Scotland". It asks whether the parties would raise or lower taxes on business.

In Edinburgh, Mr Tom McGregor, chairman of Business Says Yes, said a Scottish parliament would be responsive to the needs of Scottish business. It would end the over-taxation of Scottish business caused by the fact that business rates in Scotland are 40 per cent higher than those in England.

The group thinks the Conservative party is unpopular and out of touch in Scotland. It believes the business community would be better represented in a Scottish parliament.

Mr Stewart Macphie, a food manufacturer, said Scottish businesses were "choked" by London-based governmental bureaucracy. "The status quo is only an option to someone as small-minded and pig-headed as Ian Lang [the Scottish Secretary]", he said.

Labour pledge to scrap health service reforms

By Alan Pike, Social Affairs Correspondent

THE way is clear for a general election fight-to-the-finish over the government's National Health Service (NHS) reforms with a commitment by the opposition Labour Party yesterday to completely abolish them.

Labour has decided to enter the election pledged to end the internal market on which the government's changes are based, scrap fund-holding for family doctors (GPs) and return self-governing hospitals to health authority control. A Labour government would also restore free eye and dental checks.

Mr Neil Kinnock, party leader, announcing Labour's health policy yesterday, expressed determination to put the improvement of the NHS and other public services ahead of tax cuts.

The Labour party's decision to fight the election on a clear pledge to wipe away all the central features of last year's biggest-ever reforms of the NHS, rather that adapt them, reflects continuing confidence that Labour enjoys a strong lead over the Conservatives on health issues.

Mr William Waldegrave, health secretary, responded defiantly to Labour's plans by announcing a decision to expand GP fund-holding, one of the most controversial aspects of the reforms.

NHS FACTS

Foundation: July 5, 1948

Number of patients treated:
Hospital visits: 29.28m pa
Non-Hospital cases: 12.5m pa (inludes community health, physiotherapy and chiropody)

Annual cost: £25.69bn
Number of NHS hospitals: 1,646

Number of Hospital Trusts: 57 Hospitals controlling own budgets

Source: Department of Health, statistical bulletin 1992.

Labour's proposals retain the spirit of a split between the financing of health care and its provision which is at the heart of the government's NHS reforms.

But this would be achieved through agreements between health authorities and hospitals rather than in a competitive market.

Some health care specialists question whether this would impose sufficient discipline on hospitals and health authorities to achieve maximum efficiency.

Mr Robin Cook, shadow health secretary, said, however, that the Labour plans had "three key strengths" which the Conservatives could not match. They would treat people by clinical need rather than purchasing power; enable patients rather than managers to decide where they should be treated, and make the NHS more efficient by cutting out the "waste of creating a commercial market."

Labour says another of its priorities would be to halt the reduction in provision for the long-term care of the elderly and chronically sick at a time when the proportion of elderly people in the population is increasing.

Editorial comment, Page 16

Ashley Ashwood

Healthy image: Neil Kinnock launches his NHS policy

Banks consider central share registration body

By Richard Waters

A CENTRAL institution to handle share registration, which could cut costs for listed companies and make private share ownership simpler, is being considered by the UK's clearing banks.

If adopted, records of most shareholdings in British companies would be held centrally by a new, jointly-owned company. Co-operation on the project would save the banks from investing separately in their own technology.

National Westminster bank, which is promoting the idea, says the banks will otherwise have to spend between £5m and £10m each in preparation for Taurus, the Stock Exchange's paperless settlement system, which is due to be launched in April 1993.

The proposal was floated at a meeting of banks at the Stock Exchange yesterday, chaired by Mr Peter Rawlins, the exchange's chief executive. Banks present at the meeting have been given until Monday to decide whether to participate in a £250,000 study into the feasibility of the project by consultants Coopers & Lybrand Deloitte.

For listed companies, a central utility could reduce the costs of maintaining shareholder records once Taurus comes into effect, though the scale of the cost savings has yet to be assessed.

The utility would act as a "company account controller" under the Taurus system, holding details of most private shareholdings. Institutional investors and some shareholders are expected to hold their shares in separate accounts once Taurus comes into operation.

Investors with a number of shareholdings would need to communicate with only one company, rather than with several different registrars.

Also, once Taurus is launched, investors would receive one statement showing details of all their shareholdings, and would have only one Taurus code number (similar to a bank personal identification number).

While details of shareholdings would be held centrally, banks would continue to provide the more profitable registration services separately, such as shareholder analyses and searches of nominee holdings. Mr John Lamb, an assistant general manager at NatWest, said pooling resources was the most sensible way forward for the banks. "This is a non-core product for the banks which demands considerable investment and which doesn't make us any money", he said.

Banks which have already made substantial investments in developing their systems in preparation for Taurus are believed to be less enthusiastic about the idea than others. However, one proposal is that the central utility should sub-contract work to these banks, enabling them to recoup investments they have already made.

'Big Beasts' plot a fourth victory for Conservatives

John Major's election 'A team' will share the glory if the Tories win in 1992, writes Philip Stephens

THE PRIME MINISTER has set up a general election "A" team, drafting in Mr Michael Heseltine and Mr Kenneth Clarke to a tightly-knit group charged with finalising preparations for an April 9 poll.

In a move which underlines their growing authority within the cabinet, the environment and education secretaries have joined Mr Chris Patten, the party chairman, and Mr Douglas Hurd, the foreign secretary, in an inner cabinet advising the prime minister on election strategy.

The members, who have been working for much of this week on the Conservative manifesto, will be the most prominent spokesmen for the party during the election campaign. They will share most of the ministerial "air-time" on television and radio and will join the prime minister in making wide-ranging policy speeches.

Mr Norman Lamont, the chancellor of the exchequer, has joined the team to take a behind-the-scenes role in costing - and sometimes vetoing - any manifesto pledges which would commit the Conservatives to higher public spending.

The Conservatives have not publicly acknowledged the existence of the group in order to avoid comparisons with the inner circle - first dubbed the "A" team - established by Mrs Margaret Thatcher before the 1987 election.

But Mr Patten is said to refer to them privately as the "Big Beasts", reflecting their heavyweight status within the cabinet and their claim after the election to the most important jobs in the government.

The group which has held a number of Downing Street strategy meetings with the prime minister over the past few days to translate the broad themes of the manifesto - ownership, choice, opportunity and responsibility - into concrete policy proposals.

Among the measures agreed are a promise of new incentives for saving and home and share ownership, further action to remove education from local authority control, a new programme to revitalise the inner cities, and a shake-up of the rented housing market.

The group is meeting in parallel with the other team of ministers - led by Mr Richard Ryder, the so-called chief whip in charge of internal party discipline - which takes day-to-day responsibilit for campaigning.

Earlier this week Mr Heseltine underlined his personal standing among Conservative MPs with a bravura performance in the House of Commons.

His participation in Mr Major's inner cabinet will reinforce expectations that he will head an expanded department of trade and industry after a Conservative election victory.

Mr Clarke meanwhile has combined a growing following on the right of his party with a increasingly close relationship with the prime minister.

Colleagues say that Mr Clarke's commitment to the government's education reforms and his robust performances in defending the policy have greatly impressed the prime minister. He is seen as a future chancellor of the exchequer.

Ironically, both Mr Clarke and Mr Heseltine would be the strongest contenders for the party leadership if a Conservative defeat at the election put Mr Major's position at risk.

Clarke, drafted into the 'A Team', is seen as a future chancellor

Government awards licences for communication services

By Hugo Dixon

THE government yesterday licensed two companies to provide international satellite communications services.

British Aerospace Communications and Alpha Lyracom, owned by the US entrepreneurial group, plan to provide voice and data services by installing satellite dishes on office roofs. They are expected to provide new competition to international services run by BT and Mercury Communications.

The government has awarded the licences as part of its policy of liberalising the telecommunications market following last year's review of the BT/Mercury duopoly.

The market for satellite communications has developed quickly in the US where there are nearly 70,000 dishes in use. But in Europe the market has been slow to develop because of tight regulations which are now being relaxed.

Mr Peter Lilley, the trade secretary, claimed the UK had "gone further than any other country in liberalising satellite networks." He said applications for similar services would be considered on their merits.

BAe already has similar satellite licences in France and Germany. It is also part of a multi-national consortium that plans to launch the $500m Orion satellite system in 1995. Alpha Lyracom has satellite licences in France, Germany and the US.

The government yesterday also awarded four radio-based data communications licences. The operators, which have already been providing data services under a more strict regime, are: Cognito, Hutchinson Mobile Data, Paknet and Ram.

Mr Lilley said the Department of Trade and Industry had received 20 other firm applications for telecommunications licences since the market was liberalised last year and 30 indications of strong interest from companies. The DTI said there would be a "rolling programme" under which perhaps one new licence would be awarded every month.

BRITAIN IN BRIEF

FT named newspaper of the year

The Financial Times has been named newspaper of the year in Granada Television's "What the papers say" annual awards.

The judges praised the paper's "new responsiveness" in its coverage of the Gulf war, the collapse of the Soviet Union and a series of business scandals, notably the collapse of the Bank of Credit and Commerce International and the Maxwell empire.

Although parts of the newspaper remained primarily of interest to the specialist reader, the judges were impressed by the "almost novelistic newsiness in the way some of the scandals were reported." The award, said the judges, recognised the FT's "remarkable energy, its new investigative and news-gathering strength and its visibly broadened appeal".

Vauxhall faces overtime ban

Union Leaders at Vauxhall, the UK subsidiary of General Motors, have chosen an overtime ban as the best means of pursuing a dispute over pay with the company.

However the start of any ban – already sanctioned by workers in most unions through a series of ballots – will be delayed by at least a week.

Plant convenors and local union officials are asking the company to meet national union officials and improve a two-year pay offer of 5 per cent in year one and the inflation rate in the second year.

They also want the EETPU electricians' union to re-ballot members in the Luton manufacturing and parts plants on the ban.

EC energy plans dismissed

The government has dismissed as "unrealistic" European Commission plans to start an energy tax to combat global warming early next year.

Officials giving evidence to the House of Lords European Communities Committee said it could take five years to agree details and introduce an EC "carbon tax" on fossil fuels.

They also said they doubted that detailed proposals on the tax would be ready for presentation to the Earth Summit in Rio de Janeiro in June.

Royal Liver to cut jobs

Royal Liver, the Liverpool-based life insurer, is to cut 200 jobs, according to the Banking Insurance and Finance Union.

These redundancies are the latest to hit the financial services sector. Earlier this month Sun Alliance, the biggest composite insurer, announced the loss of 800 jobs.

Tax loophole remains open

The High Court has refused to close an important loop hole in poll tax prosecutions, ruling that liability orders based on computer print-outs were illegal.

Declaring computer evidence "hearsay", the court upheld an earlier ruling by Coventry magistrates. The ruling could affect thousands of debt-collection cases pending.

The Council Tax Bill, currently before the Lords, will make such evidence admissible for the future, but councils are unlikely to proceed with liability orders affected by the ruling until the bill becomes law early next month.

Three BTG bids expected

The government is believed to have received three bids for British Technology Group when the deadline for submissions expired last night.

In addition to two well-publicised consortia – one led by BTG management and the other by Mr John Ashworth, director of the London School of Economics – a group put together by Strategy International, a London consultancy, is thought to have put in an offer for the state-owned technology transfer organisation.

Calls grow on pension control

Trade union pressure for greater controls on the administration of pension funds in the wake of the Maxwell affair intensified this week as unions submitted evidence to the Commons select committee on social security.

The National Communications Union, which represents 150,000 members, the majority of whom are in two BT pension schemes, told the committee it wanted a range of new measures in recognition of the fact that "pensions are the deferred pay of employees".

The NCU submission includes proposals for new regulations to guide actuaries in the assumptions they use to value surpluses. There should also be rules on the provision of information to pension scheme members about management and investment strategies, says the union.

Safety bid in roofing industry

Britain's Health and Safety Executive has announced a national inspection campaign aimed at saving lives and preventing injury in the roofing industry, which accounts for one in five deaths in construction.

The inspectors will start their campaign in May. Companies in breach of regulations will be forced to stop work until they comply. Flagrant and serious breach of the law will result in prosecution.

The HSE estimates there are more than 7,000 roofing contractors employing about 30,000 workers. It expects its 800 inspectors to see more than 1,000 sites.

Council rents to rise by 13%

Council rents are set to rise by an average of 12.6 per cent, almost three times the rate of inflation, according to a survey of 40 local authorities in England.

The survey, by the Institute of Housing, shows average rent increases ranging from 4 per cent in Calderdale, West Yorkshire, and 27.4 per cent in Hackney, London.

Next year's average council house rent for the 40 authorities will be £32.46. The main reasons given by councils for the increase are the need to maintain capital programmes and to keep their housing revenue accounts in balance.

MPs receive shop petition

The Shopping Hours Reform Council, the pro-Sunday trading organisation, have presented MPs with a petition signed by 1m people demanding abolition of the Sunday trading laws.

This followed the launch of a manifesto earlier in the week by the Keep Sunday Special Campaign. Both sides are vigorously lobbying MPs to try to turn Sunday trading into an election issue.

THE PROPERTY MARKET

Landlords' common front

By Vanessa Houlder

One of the few areas of agreement between the Labour and Conservative parties in the UK in the run-up to the general election concerns legislation that will significantly curb the rights of landlords.

Whichever party wins power, residential leaseholders can expect legislation to be introduced giving them the right to buy the freehold of their property under a new form of tenure called commonhold. Labour, which unveiled its proposals this week, will also allow leaseholders to extend their leases. This proposal may also be adopted by the Tory party if it is re-elected.

In some respects, the parties' agreement is hardly surprising. The legislation would affect some 250,000 flat leaseholders, many of whom feel they pay too much in service charges, wait too long for repairs and encounter difficulties in selling their properties because building societies are unwilling to lend money on short leases.

Moreover, the concentration of dissatisfied flat-owners in marginal constituencies in London such as Hampstead, Dulwich and Wandsworth has probably concentrated politicians' minds even more sharply on reform.

Whatever the politicians' motives, the proposed reforms do not fit entirely easily with their respective political philosophies. For Labour, it means giving an unusually high priority to the the concerns of middle-class home-owners, although Mr Clive Soley, Labour's shadow housing minister, says any legislation would also affect "coal board houses sold to Mickey Mouse companies".

For the Tory party, the proposed reforms overturn their traditional respect for the right of landowners. Not surprisingly, the great landlords, who still own large belts of property in London, are up in arms.

"It is confiscation," says Mr Jeremy Newsum, chief executive of Grosvenor Estate Holdings, which owns huge chunks of Mayfair and Belgravia. "It means the break-up of the Grosvenor Estate which has been held intact for 300 years. We created it and looked after it. There doesn't seem any purpose in breaking it up."

Mr Newsum believes that the government is wrong. "We believe that contracts freely entered into should not be torn up."

The proposals are something of a sea change for the Tory party. When Mr John Patten, the housing minister at the time, guided the Landlord and Tenant (No 2) bill through the House of Commons in 1987, he defended the rights of landlords against proposals such as the right to extend leases. "I would have to be moved a long way to be persuaded that we should break the principle of the reasonable agreement reached freely, with no coercion, between a good landlord and a good tenant," he said at the time.

"Anyone buying a lease should not be under any illusion about the nature of the interest which she or he is purchasing," he added.

But Tories now argue, with reason, that many distressed leaseholders did not freely enter into a legal agreement with their freeholder. Some of the least reputable landowners buy freeholds of properties on which leases are due to expire.

Conservatives also argue that landlords will receive adequate compensation for their freeholds, because they will receive the market value of the property. Labour says that agreement will have to be reached between leaseholder and freeholder, with recourse to an arbitration panel if necessary. But even the Tory pledges do not not satisfy institutions such as the Grosvenor Estate. The estate argues that the occupier will get a windfall gain because the "marriage value" obtained by merging the freehold and leasehold will be split between the landlord and occupier.

Landlords are unlikely to win much sympathy from the public concerning arcane arguments about "marriage value". But their complaints about the effect of the proposed legislation on the property rental market might receive more attention. "If the government gets its way, there will be nobody buying residential investments," says Mr Stuart Corbyn of Cadogan Estates. "Housing legislation since the second world war has been impossible for private landholders," adds Mr Newsum.

Landlords fear that future legislation will make life even more difficult. They say the proposed legislation may remove many of the restrictions in the 1967 Leasehold Reform Act. (This act, which the Duke of Westminster, head of the Grosvenor Estate, fought unsuccessfully in the European Court, gave leaseholders the right to buy their freehold if they occupied houses with a relatively modest rateable value.)

A future government, landowners say, is also likely to remove some of the other restrictions on leaseholders' rights to buy their freehold, such as those concerning buildings with more than 10 per cent commercial occupancy. Mr Newsum treats the government's commitment not to extend commonhold to the commercial sector with scepticism.

Landlords also think it is just a matter of time before commonhold is extended to leases below 21 years. Mr Dudley Fishburn, the Conservative MP who has vigorously campaigned for commonhold, says that the right to buy a freehold should not be extended to leases of less than 21 years. However, Labour said it would consider stopping short leases being granted to evade the legislation on the right to buy.

But campaigners for commonhold in the Tory party think new legislation will have the opposite effect on the rental sector to that feared by the large landlords. They say that once people are able to buy freehold flats, there will be more property available for rent.

It is perhaps easy to over-emphasise the case made by the central London landowners. Although the Bedford, Cadogan, Grosvenor, Howard de Walden and Portman estates are generally well run and have an important place in London's architectural history, they are greatly outnumbered by other, less scrupulous freeholders.

But it is not just the landowners which have inveighed against the new proposals. Many experts reckon that commonhold will bring a clutch of unforeseen problems.

The Royal Institution of Chartered Surveyors, a professional body, says it is "totally opposed" to the commonhold proposals, partly because it would not work well in practice. The RICS said that many leaseholders were happy with their leases and should not be forced to change to a commonhold tenure simply because other flat-owners in the same block want to do it. It also thought that disagreements between commonholders will probably be difficult to resolve, whereas in a leasehold system, clear responsibility rests with the freeholder or appointed agent.

The Incorporated Society of Valuers and Auctioneers, another professional group, also said that the government's proposals were "seriously flawed". It said the proposed changes would not solve any of the existing problems and would seriously jeopardise the position of the minority who do not vote for enfranchisement.

Even if the new legislation helps many more people than it damages, these criticisms suggest that it will be no panacea. Most legal changes to land tenure since the second world war have had unintended and unwelcome effects. Commonhold is unlikely to be an exception.

Prize assets: big London landlords are up in arms

TOTAL RETURN (%)	Retail	Office	Industrial	All Properties
Year to Dec 91	3.3	-8.4	6.9	-0.8
Quarter to Dec 91	2.5	-1.2	2.5	1.1
Month of Dec 91	0.9	-0.7	0.8	0.3

Source: Investment Property Databank

Another legal change proposed by the Labour party this week will be cheered by thousands of tenants but abhorred by many landlords in both the commercial and residential sector.

Labour plans to repeal legislation that allows landlords to recover unpaid rent from former tenants. The topic was addressed by the Law Commission in 1988 and the Lord Chancellor's department says it is looking closely at the matter.

Labour says the current legislation is a anomaly that should have been reformed years ago. "It is a sixteenth century law. Its repeal should receive widespread support," says Labour's Ms Andrea Rushton.

The property industry is less convinced. "If you accept a good covenant and the lease is assigned to somebody who fails on you, it is equitable that you can go back to the original tenant," says Mr John Parry of Hammerson. Any change would be "most unfortunate", he adds.

The Royal Institution of Chartered Surveyors believes that existing contracts should not be tampered with. Surveyors think that a change in the law would diminish one of the attractions of UK property and could lead to landlords restricting the rights of assignment in future leases.

On balance, however, RICS thinks there is a case for changing the law on new leases. "It is unfair to have a responsibility in year 20 for a lease you assigned in year one," says Mr Colin Vaughan of the institution's commercial property and financial services committee. The many companies that are facing crippling demands for rent arrears on properties they used to occupy will agree.

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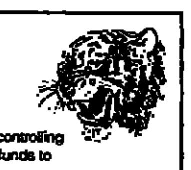

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MANAGEMENT

Christopher Lorenz assesses the impact of BP's cultural revolution

Refining the strategy

Broadcasting one's ambitions can be dangerous. Any organisation which issues a public proclamation that it intends to become "the world's most successful company" in its industry may well succeed in its goal of lifting the ambitions and performance of its staff. But it is also asking to be derided at the first sign of strategic problems.

So is a chairman who, to achieve that vision, launches a cultural revolution based on values such as "openness, care, teamwork, empowerment and trust", yet who is then forced by the strategic problems to tell his managers to prune their ranks sharply.

His change process risks breeding widespread insecurity and falling into disrepute.

Nor does it help if that chairman is then quoted as wishing that he could use his "good brain" to deal with some of BP's problems himself, rather than waiting until his subordinates cope with them.

This, on the face of it, may seem the fix into which the usually rumbustious and supremely self-assured Robert Horton has got himself at British Petroleum over the past few weeks. He has been pilloried for it by UK investors and much of the media.

In that time it has become clear that BP is experiencing an unexpectedly sharp profits slump, that it is planning many more job cuts than most outsiders thought, that it may have over-estimated the level which the all-important oil price is likely to reach in the mid-1990s, and that it is preparing one of its four business sectors for possible sale.

Last week BP revealed miserable profits for 1991, announced a disappointing dividend payout, and gave a gloomy forecast for the near future.

The apparent humbling of Horton has attracted widespread attention well beyond investment circles and the oil industry, because the progress of BP's ambitious culture change programme is being followed avidly by western companies and consultancies.

The question is whether Horton actually does risk being humbled over strategy, and whether BP's culture change therefore really is endangered.

The answer on the first count has been debated extensively in the media. The most that can be said is that the jury is out.

But does this mean, as some commentators have suggested, that the two year-old culture change programme, originally called Project 1990 but now expected to run well beyond 1995, could be at risk?

Far from it, would be the reply of many BP managers. Not necessarily, is a more balanced answer.

To most insiders, other than those disaffected by the fear of redundancy, it is the very success of the culture change programme so far which is enabling BP to be able to react effectively to the deterioration in its circumstances.

Up to now the myriad of workshops, communications and training programmes, and new "human resource" initiatives across the company, are thought to have cost it considerably more than £20m.

The initial payback appears to have come in two main forms. The first is a rapid shift last year in the "ownership" of change, from top management to employees at all levels.

Not only has the approach of each business varied, but a number of initiatives within each business has welled up from below, rather than being imposed from above.

This has helped produce the second payback from the change process: a growing pile of "war stories" from all sorts of levels and parts of the group about how the new values and ways of working are boosting employee motivation, breaking down departmental barriers, cutting costs, and boosting revenues.

None of it is conclusive about the change programme as a whole, but it suggests pretty good progress.

One of the most influential and indicative developments has been the introduction throughout BP Exploration of "upward feedback" – the appraisal of managers by their subordinates. This is now spreading to other parts of BP.

Most telling of all in current circumstances is the way that many people are handling the need to rethink their own departments' activities, and if necessary to trim or cease them. In the past, the company would have ground almost to a halt for months, while top management wielded an axe in all directions.

Now teams all over the organisation – from head office outwards – are reassessing in a participative manner whether all their activities are necessary, how far they really add value, and what that means for staffing levels.

With one or two damaging exceptions, "decisions are being made by those directly involved," says another insider. "That should create far better decisions than top management used to make, when it simply shared the misery around, and handed out brown envelopes".

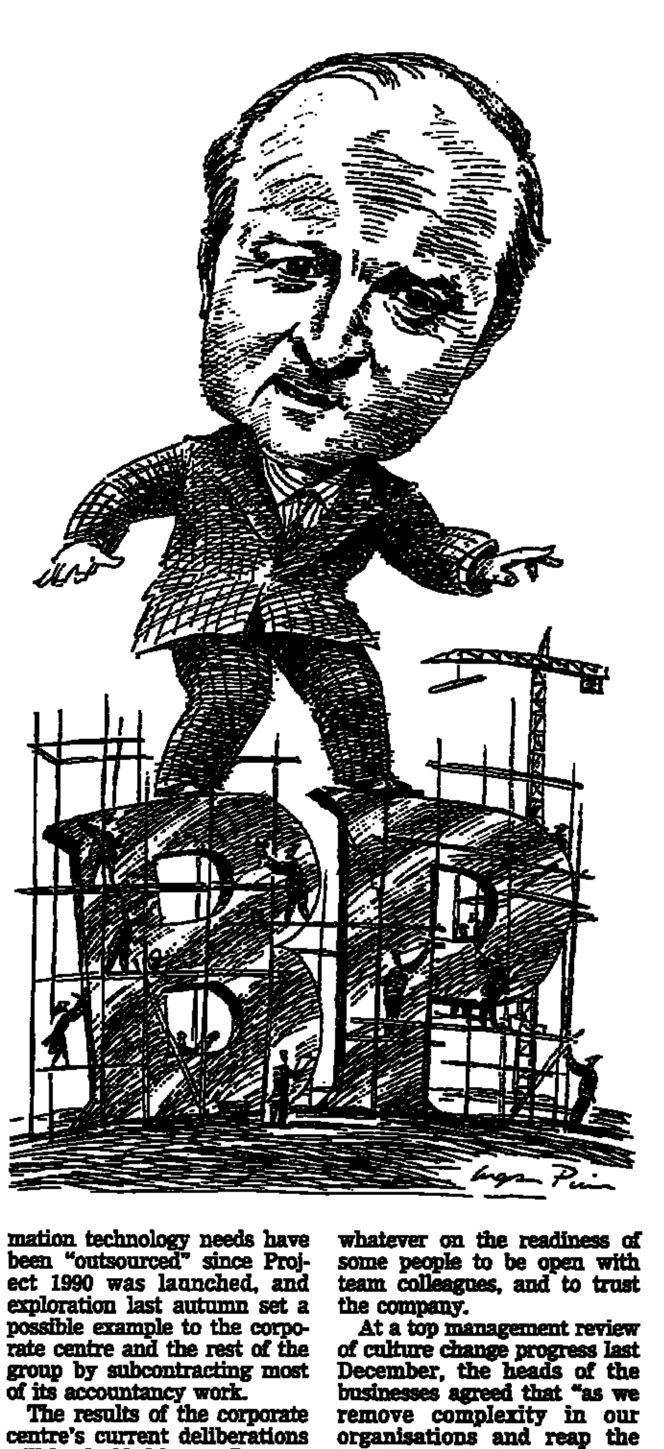
Outsiders seem to have forgotten that Project 1990's primary purpose was not to make BP a warm and friendly place to work, as the list of new "values" might seem to suggest, but to reduce overheads, committees and other layers of management – to "cut the cost of complexity", as BP explained it at the time.

As one management consultant says: "It's an illusion to think you can embark on a change in culture, creating a flatter, faster, less hierarchical organisation, without shedding jobs".

Project 1990 meant that the entire BP organisation was in for several years of frequent staff reductions. The cut of 1,150 jobs two years ago at head office, and the much larger number that went in the exploration business, were only just the beginning, both for HQ and the businesses.

Considerable upward pressure on Horton to cut the corporate centre for a second time was evident at a top management meeting in March 1991, just 12 months after the original streamlining was announced. Several business heads argued then that the centre still needed to demonstrate that, at its current size, it really was adding value.

All this was before the prolonged recession and BP's latest profits slide created pressure for still more cuts – and fast. An additional factor is the group's growing keenness to subcontract as many services as possible. Much of its information technology needs have been "outsourced" since Project 1990 was launched, and exploration last autumn set a possible example to the corporate centre and the rest of the group by subcontracting most of its accountancy work.



The results of the corporate centre's current deliberations will be decided by April.

Though further slimming was part of the new culture, it would be facile to suggest that job fears are having no effect whatever on the readiness of some people to be open with team colleagues, and to trust the company.

At a top management review of culture change progress last December, the heads of the businesses agreed that "as we remove complexity in our organisations and reap the benefits of Project 1990, job security becomes an increasing concern".

In line with the advice given to many companies by management thinkers such as Charles Handy, BP's top managers concluded that the group's traditional implicit "jobs for life" contract with its staff should be replaced by a new employment strategy.

A main plank of this will involve employees more in the development of their own careers, with "personal development plans" agreed with each individual.

These "PDPs" are being introduced across each of the businesses and in head office. They are intended to be exactly what the name implies, and are starting to be accompanied by a substantial increase in training and development for staff at all levels.

But not surprisingly, given the current climate, they have been re-christened "personal departure plans" by quite a number of managers – not just by those who are disaffected, but by many people who have jumped at the opportunity to take the quite attractive packages on offer for voluntary redundancy and early retirement.

All the same, the PDP process could be damaged irrevocably if it became associated only with departure. Hence the priority which each of the businesses, together with the corporate centre, are now giving to the agreement of plans with each employee.

On staff development, as in so many other aspects of the group's culture change programme, it is vital that BP's top management is seen to put its money where its mouth is – to "walk as it talks".

In this, as in the way the company's current "downsizing" is handled, Horton has been told by his senior advisers that, in the words of one of them, Roy Williams, "it's now that the rubber really hits the road – the next 18 months will determine the success or otherwise of our culture change".

As Williams says: "We're going to have to work hard at it to make it stick". This applies to every level of management, but especially to the top.

Paradoxically, Horton's newly-evident fallibility could work to everyone's advantage – provided that he can temper his all-knowing air.

Otherwise sceptics will continue to argue that the many practical steps he has taken to empower people are being undermined by the tendency of his own instinctive management style to surge to the surface. That could damage the change process far more than any number of job cuts.

Workaholics and the capitalist pig

"YOU have how many weeks' holiday?" An American business school graduate in her late-30s, and working in middle management at a large telecommunications company, boggles at the thought of six weeks' annual leave.

She gets two weeks – into which are crammed a passion for skiing, family responsibilities and a desire to travel. In the unlikely event that she ever becomes boss of this multi-billion dollar company, her vacation allowance might increase to four weeks.

This is the typical US experience and to a European, it looks a lousy deal. Yet, here is a nation writhing in self-doubt because a Japanese prime minister recently called its workers lazy. Hasn't something, somewhere, gone awry?

> "Profit-driven employers will always encourage long working hours"

Juliet Schor, in "The Overworked American", (published by Basic) certainly thinks so. This analysis by an associate professor at Harvard University seems timely, given the heated political debate.

The balance struck between work and leisure is fundamental to millions of employees' lives. It also raises practical management issues. Does insisting on a little more leisure actually improve workforce efficiency?

When unemployment is rife, should labour be distributed more evenly between those who want to work? An answer is going to have to tackle psychological and cultural questions, not just economic ones.

Schor, however, has little time for this. Her aim is simple: to prove that capitalism is destroying leisure, a trend she views with sentimental regret.

Very crudely, her argument is that profit-driven employers will always encourage long working hours. Workers get trapped by an addiction to consumer goods, and demand more money, not more leisure.

Her contention is backed up by evidence of longer working hours in the US – although despite copious footnotes, finer details of the statistical analysis are opaque.

The reader is treated to a romp through working practices in pre-capitalist "Olde England" – where British peasants probably got a rotten deal compared with the French or Spanish.

From there, it is a quick trip forward to the arrival of "werkglocken" – or work clocks – in the textile factories and on to the Victorian mills.

The argument does contain some obvious truths. Greed has always been a powerful motivating force, and "keeping up with the Jones", an accepted social phenomenon.

"Big business", meanwhile, probably does encourage employees to contribute more than the required working week. If someone is prepared to do unpaid overtime in order to climb the promotional ladder, a profit-conscious employer is hardly going to complain.

But, to lay blame for "the decline of leisure" on capitalism is simplistic. There are thousands of professionals, from teachers to artists, whose willingness to work hard is not explained by the desire for another TV set.

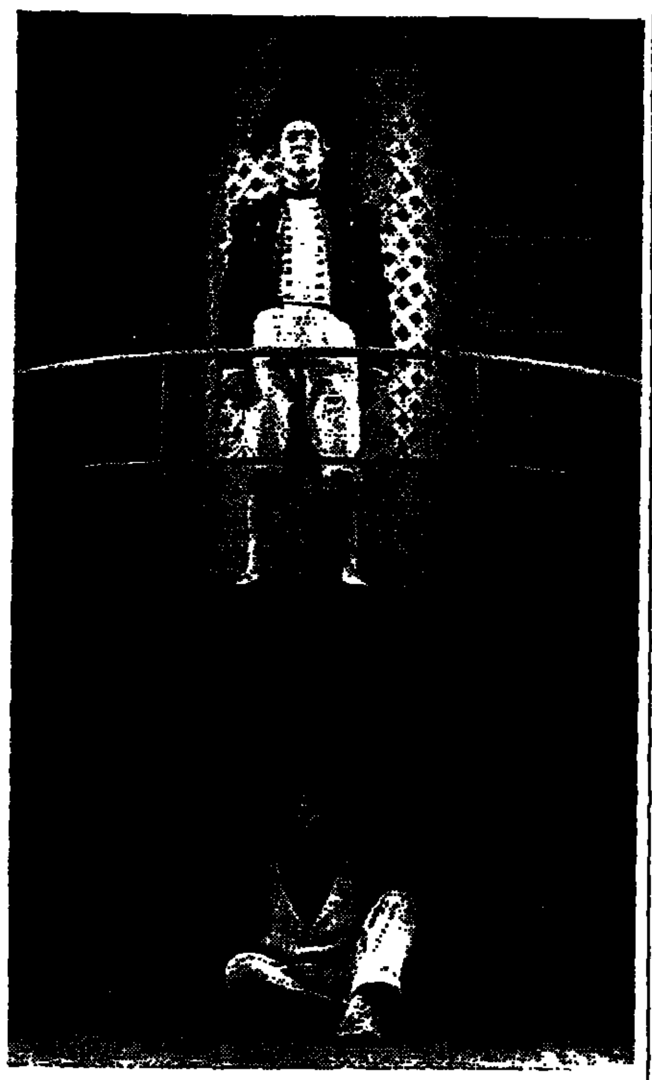
Nor have some "non-capitalist" economic systems been noted for their sloth. Take the early kibbutz settlers, for example. In short, material reward may be an important incentive once enough has been earned to clothe the family and pay the mortgage. But it is not the end of the story.

The pity is that Schor skimps on more interesting detail.

She mentions in passing experiments by Kellogg in the 1930s and, more recently, Medtronic Corporation and Ideal Industries – where attempts to reduce working hours have actually brought productivity gains.

Slog away for a few extra hours, save up the book's $21 cost, and squeeze a couple of hours reading into a tight working schedule, and you may be marginally enlightened. In the process your blood may boil and stress levels rise – but, by Schor's reckoning, you're probably a dead man anyway.

Nikki Tait



Nigel Robson (top) and Simon Keenlyside

Billy Budd

THEATRE ROYAL, GLASGOW

Unlike the hapless Captain Vere, who leaves his crew becalmed and mutinous after trying to engage the enemy when they are out of range, Scottish Opera chose its moment well. The appointment of a new Music Director is always an important one and the timing on this occasion was particularly felicitous.

On the day when he was due to make his return to the company as guest conductor in a revival of *Billy Budd* Richard Armstrong was named as Music Director at Scottish Opera with effect from July next year. It is an appointment that places experience before novelty. During his long tenure at Welsh National Opera Armstrong built up an extensive and wide-ranging repertoire which should serve his new company well.

In short, he knows about being in charge of opera in general, and *Billy Budd* in particular, as this revival reminded us. If memory serves right, he is a less full-bloodied interpreter of Britten's score now than he was at the time when he conducted it at Covent Garden; but the cumulative power of the opera was amassed scene by scene, and it is a special virtue in any conductor that he should allow so many of the words to be heard.

The chorus and orchestra supported him superbly. Whatever the present financial tribulations at Scottish Opera, Armstrong will be taking over a company in very reasonable artistic shape, as capable of sighting an operatic success and bringing it successfully to battle as any other in Britain at the moment.

If this *Billy Budd* never quite became an electric evening, it was nonetheless a performance true to Britten's intentions and with a few pertinent human touches of its own. The production, originally by Graham Vick, dates from 1987, but has held together well as a company effort. There is the feeling of a real community on board ship, led by seasoned artists such as Eric Roberts's Mr Redburn and Gordon Sandison's Mr Flint, while younger singers like Iain Paton as the Novice and Quentin Hayes as Donald are also offered chances, well taken.

The three principals looked every inch their roles. The innocent eagerness as well as the youth and energy of Billy Budd were nicely caught by Simon Keenlyside, who managed to suggest better than any other singer I have seen in the role a naive unawareness of the dangerous currents swirling around him. As Vere, Nigel Robson was particularly good at what one might call the "Pears" aspects of the role, withdrawn, bookish, refined.

Both sang well enough, though Keenlyside wants a little of cutting brightness to the tone, and the only potential disappointment of the evening was that the Claggart, Gidon Saks, was having to take things easily in vocal terms. When he is fully restored to health, he should make a terrifying Master-at-arms, not least because he is a head taller than everybody else, a towering demon, whose revelation of his own "depravity" within wins for this character too an unexpected measure of sympathy.

All were believable human beings. Indeed, the production's only serious imposition is to have the aged Vere on stage from time to time, a silent observer of events. But perhaps this is understandable if *Billy Budd* is to be a classic tragedy in the Grecian mould, with Vere the tragic hero forced to condemn the innocent and live on in the knowledge of his own guilt. For Britten never quite gets him centre-stage as he should.

Richard Fairman

Ornament down the centuries

Susan Moore visits the new exhibition at the V&A

In Henry Cole's day there would have been little need of a gallery examining the use of European ornament at the Victoria and Albert Museum. Ornament was an essential component of design, its vocabularly as familiar to the educated man in the street as to the architect, craftsman or designer. With the rise of Modernism and its emphasis on form rather than surface decoration, that understanding all but disappeared. The word ornament lost its association with state-of-the-art design and came to conjure up awful images of knick-knacks on the mantelpiece.

Today, the language of ornament is deemed to be worth relearning. Next week, the V&A's Henry Cole Wing opens its doors on what is believed to be the world's first gallery to focus on ornament in European design and decoration. Such a gallery would have been almost inconceivable even in the 1970s, despite growing disillusion with the expressive poverty of Modernism. The idea is a product of the last two decades – of nostalgic reverence for the buildings and works of art of the past, and of the rediscovery of colour and motif by Post-Modern architects and designers. The Modernists' adage was "Less is more". Robert Venturi's response was "Less is a bore".

The Post-Modernists' eclectic and whimsical use of decoration is a tongue in cheek subversion of the grammar of ornament. They are not, however, the first to break the rules. As the new gallery demonstrates so vividly, ornament is in a constant state of flux.

From April, access to the gallery will be via James Wild's imposing staircase, hitherto not used by the public but currently being arranged as an additional picture gallery. Greeting the visitor outside is a decorative overmantel panel painted by Rex Whistler in 1932 to match the Chinese wallpaper in Samuel Courtauld's house in South Audley Street. Implausibly it provided the surround for a Picasso. Inside is a set of car wheel trims.

In the 1860s the gallery was used by the School of Naval Architecture. Today its central section resembles less an outpost of the Admiralty than an extension of the Sir John Soane Museum. High terracotta walls are lined with part of the museum's outstanding collection of ornamental prints, and with row upon row of cornices and capitals, fragments of friezes, mouldings and architectural models – a kind of three-dimensional encyclopaedia of the five orders of classical architecture and its ornament. Articulating the space is a handsome 1770s doorcase from a now demolished house in Kensington.

Objects are drawn from virtually all the museum departments and arranged thematically according to motif. In a case devoted to geometric ornament, say, we find a 16th-century Venetian marquetry box, an Eduardo Paolozzi plate and a kipper tie. Elsewhere acanthus leaves adorn a workaday Norwegian wooden butter tub, a fine Chelsea porcelain plate and a William Morris wallpaper. Carved and gilded they are candle sconces.

What is unexpected is the effect of juxtaposing objects with the same ornamental characteristics but of different materials, periods, cultures and status. In a sense we are simply playing a multi-media game of Snap, but the exercise encourages us to examine more thoroughly objects that we might otherwise pass by, in or out of a museum case.

How many Concorde travellers have ever looked twice at their British Airways crockery? A first inspection reveals a border decoration comprising a frieze of upturned, snub-nosed Concordes. A second, that the pattern is also a reworking of the classical Vitruvian scroll. We find it again on a handsome Meissen breadbasket made two centuries before. Modern design is rarely as divorced from the past as most people imagine. Even Concorde itself, here in model form, is emblazoned with what is in effect an heraldic device. Planes, cars and domestic appliances are shown to be no less significant bearers of ornament in the 20th century than furniture, textiles and ceramics.

Classical architecture provided the Western world with its most enduring design vocabulary. Its five orders and ornaments are thoroughly treated here. Sections of non-architectural and non-European ornament are smaller and offer not so much a visual dictionary as a glorious lucky dip of comparisons, discoveries and insights. We see lyres and urns used as ornament, for instance, but find that no other post-classical object has achieved that distinction. A case devoted to ribbons and swags includes a carved stone vase previously in store and catalogued as 16th-century Venetian. Now it is proudly displayed as the work of Piranesi. Repeating pattern is revealed to be an Islamic invention.

Throughout, the curators have used the museum's outstanding and diverse resources, especially of prints and the great architectural textbooks, to give us a sense of how ornament was able to travel through time and from place to place – and how it was reinterpreted at each manifestation.

The European Ornament Gallery of Design and Decoration 1450-1991, opens at the V&A on February 26.

A plaque decorated with grotesques after a design by Lucas van Leyden (1490-1533). It was made by Alexander Fisher of Stoke-on-Trent in 1865

Lars Vogt

QUEEN ELIZABETH HALL

Vogt is the young German pianist – now about 22 – who came second to Artur Pizarro (three years older) in the 1990 Leeds Competition. He gave his London debut recital on Tuesday: late Haydn, late Beethoven and late Brahms with a couple of wilful novelties, his new Russian wife's "Sonata" and Helmut Lachenmann's early Variations on Schubert.

We have been hearing much more of Pizarro, and that has confirmed the prizewinning impression he made at Leeds. Smooth mastery of the keyboard, a "big" style of precocious maturity, a thoroughly respectful attitude to historical norms of interpretation; but Vogt is more promisingly immature, still ready to follow his own inquiring imagination against established readings. That is no kind of prediction – Pizarro may grow steadily toward an individual authority, or Vogt become merely quirky. At the moment, however, Vogt strikes continual sparks by unfettered alertness to his music, with his own considerable technical finesse.

The Lachenmann set (pretty inconsequent stuff, presumably chosen on some sentimental ground) at least afforded him room to play with witty digital nuances. In Haydn's C major Sonata, Hob. XVI/50, he was full of eager, astringent ideas: there were bright insights every few bars, without prejudice to the poise of the whole work. Vogt made a miscalculation in the op. 119 pieces of Brahms that Pizarro would not have – here and there he essayed an *innerlich* pianissimo that simply failed to carry beyond the front rows; but by the end every piece had left a vivid, slightly spectral impression.

Tatiana Komarova's "Sonata" (eight minutes, one movement) proved to be a coherent fantasy in Skryabin's later "sonata"-mould: spidery and crystalline, evoking the sound-world of Ravel's "Jeux d'eau" and even of Bartók's "Night Music". It served nicely as a prelude to Beethoven's Sonata op. 111.

Vogt made no pretence of wheeling out grave profundities, such as depend no less upon a venerable performer's *gravitas* than upon the actual playing. Instead, he laid bare Beethoven's argument in transparent terms, with only as much audible muscle as it requires. Throughout the clipped drama of the first movement and the steady unfolding of the Arietta variations, his taut tempi and his unfailing tenderness with detail gripped one's attention. It wasn't the grand, revelatory op. 111 of some people's ideals; but it was visionary in its own way, and all of it had the ring of fresh discovery. If it takes Vogt some years more to reach a settled professionalism, so much the better for his lucky audiences.

David Murray

Christopher Hollyday

RONNIE SCOTT'S

It is easy to feel cast down at the prospect of hearing another implausibly young yet skilled jazz man. There are a lot of them around. These fresh faced things front festivals, make record deals and wear Armani suits before they have got the chops in. They appear self confident and can read alright, but they do not sound interesting, yet.

It is a comfort then to find Christopher Hollyday, from Norwood Massachusetts, walking uncertainly to the stand and looking every inch the nervy 22 year old, before blowing with the abandon a young man should. This skinny altoist, who has yet to grow into his suit jacket, started on the sax at the age of nine, according to his biog, and had most of Bird's solos down before the onset of puberty. By 15 he had cut an album on his own (sic) Jazzbeat label and at eighteen was recording with seasoned pianist Cedar Walton and drummer Billy Higgins behind him.

Awkwardness aside – he refers to Ronnie's smoky club as a "performance centre" – the shy demeanour evaporates as he puts the reed to his lips and tears headlong into "Scorpio Rising", a cut from The Natural Moment (Novus/BMG), his most recent recording. What he lacks in hot-housed technique Hollyday more than compensates for in sour toned strength – it is said that his hard bop playing has been tinged by Jackie MacLean and he has a similar flawed beauty in his phrasing.

But his real appeal lies less in the influences of McLean and Parker and more in the reckless lack of restraint shown with even pretty tunes like "September in the rain" and a bittersweet "'Round midnight". A substantial and galloping rhythm section in Ritchie Goods (string bass) and Ron Savage (drums) gives Hollyday impetus and hardworking pianist Anthony Wonsey's sparkling right hand adds again to the excitement in numbers like McCoy Tyner's "Exotique" or his own "A treaty of jazz".

A bit of greased and greasy lightening. Hollyday's pitching alto is a welcome contrast to the flatness of so many young fogies painted as young turks by their record companies. It would be as well to hear him before he starts relaxing. A bonus at this week's residency is the ample and often bawdy blues shouting of American Irene Reid. More, er, experienced than Hollyday, her raucous tale of Long John the dentist is a fine complement to the saxophonist's blushing impetuosity.

Garry Booth

4 Marys

RIVERSIDE STUDIOS

"I had a really good time," said a young man after this to his two female companions. They agreed; and so do I. But, as he said it, we had to laugh, because *4 Marys* is obscure, complex, confusing and concerned with the none-too-jolly tale of Mary Queen of Scots. It is also stimulating, poetic, frequently witty and cumulatively poignant.

Mary Q. of Ss, you may recall, had four Marys-in-waiting. The story of one of them, Mary Hamilton, became immortal in a trad. folk song (Joan Baez used to sing it) and I was expecting an interweaving of four such Lives of the Unknown. But Second Stride, with its fascination with doppelgängers, has focused only on the main biographical facts, with the four Marys as afterimages of their comrade and queen.

Part One is in France (Mary's youth), Part Two is in Scotland and England (Mary's adult years). But no story is properly told; and in several scenes more than one Mary is queen at a time. The ambiguity of multiplication is part of Second Stride's house style. The movement, almost all the words and most of the costumes are deliberately 20th-century. (The five Marys queue to use a public telephone. The first one: "Hello, is that Westminster? ... Is Elizabeth there? ... It's Mary.")

4 Marys has more speech and less dance than most of Second Stride's other mixed-media productions of recent years. It is called a play, and Martin Duncan and Ian Spink devised and directed it. But what wells up through this collage of often mundane and half-nonsense talk is a gathering of feelings beyond words, of states that words may relieve but do not express. The movement in the piece – mostly lyrical extensions of mime – heighten this impression.

Part One creates a world of privilege, leisure, hedonism, high education and finishing-school etiquette. Beneath the amusing veneer is a sense of absence from family and home, of distance from serious responsibility or engagement in life, of mysteries not comprehended. Part Two reverses all that. Mary (times five) discovers home, mother, adult society, marriage, and motherhood, all like double-edged swords – and then imprisonment and a new kind of exile from everything she has discovered.

But I neither can nor should make sense of half of what occurs in *4 Marys*. For all the usual Second Stride cleverness in evidence here, this work eventually achieves a surprisingly precognitive account of women's experience. And it is funny. To take one small example, the Marys' shock in rediscovering Scotland – they are woken, in one marvellous moment, by bagpipes – is as drily satirised as Edith Sitwell's "Scotch Rhapsody" or Nancy Mitford's *Highland Fling*.

Alastair Macaulay

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

The London theatre scene promises a string of enticing first nights over the next two months. The Almeida has the world stage premiere of Howard Barker's new play A Hard Heart (Feb 27 to April 18, Press night March 3), directed by Ian McDiarmid and starring Anna Massey and Angela Down. The play is set in a European city under siege: as the threat grows greater, a woman architect of genius is called upon to save the city's culture and its queen (071-359 4404).

Tonight the Piccadilly starts previewing Moby Dick, the latest West End musical to be promoted by the impresario Cameron Mackintosh. Set in the 1950s in an impoverished boarding school, the musical is about a headmistress and her pupils trying 'o raise money with a production ' Hermann Melville's novel ›unted in the school swimming ›l (Press night March 11, -867 1118).

nmy Steele returns to the West I next month in Some Like It t, a musical version of the assic Billy Wilder film.

Cross-dressing is the order of the day, as two male musicians on the run from the Chicago mob find work with an all-female troupe. Steele directs the show and stars in a cast including Billy Boyle, Royce Mills and Mandy Perryment. The music is by Jule Styne, the lyrics by Bob Merrill (Prince Edward, previews from March 2, Press night March 17, 071-734 8951).

At the Haymarket, Trevor Nunn directs Heartbreak House, George Bernard Shaw's classic play. An all-star cast includes Vanessa Redgrave, Paul Scofield, Imogen Stubbs and Daniel Massey (previews from March 11, Press night March 19, 071-930 8800). The National Theatre (071-928 2252) has two major productions in preparation. Nicholas Hytner directs George Farquhar's Restoration comedy The Recruiting Officer, starring Alex Jennings, Sally Dexter and Ken Stott (Previews from March 6, Press night March 12). In April, Howard Davies directs Shaw's Pygmalion, with Alan Howard as Professor Higgins and Frances Barber as Eliza Doolittle.

EXHIBITIONS GUIDE

AMSTERDAM

Van Gogh Museum Edouard Vuillard (1868-1940): early and mid-career paintings. Ends March 8. Closed Mon

Rijksmuseum Final week of the major Rembrandt exhibition. Ends March 1. Closed Mon

BERLIN

Martin-Gropius-Bau The Jewish World: a major survey of Jewish lifestyle, culture and history around the world. Ends April 26. Daily

BOCHUM

Museum Maxim Kantor (b1957): retrospective of the Moscow painter, with 80 paintings and 50 drawings showing his links with German Expressionism. Ends April 26. Closed Mon

BONN

Galerie der Friedrich-Ebert-Stiftung Martin Schmid (b1927): paintings 1981-91 by a German artist who brings a colourful sense of fantasy to natural forms. Ends March 20. Closed Sat and Sun

DRESDEN

Zwinger Porcelain from 14 European countries: 180 works from the Thiemann Collection, showing the way modern production techniques have changed porcelain design. Ends May 3. Closed Fri

FLORENCE

Palazzo Pitti Caravaggio. Ends March 15. Closed Mon

Palazzo Strozzi Gustav Klimt: portraits, pastels, drawings and theatre sets by the Austrian Jugendstil painter. Ends March 8

GENEVA

Galerie Jacques Benador Charles Rollier (1912-1968): 43 oils, watercolours and drawings by the Swiss abstract artist. Ends March 29. Daily (7 rue de l'Hôtel de Ville)

LONDON

Hayward Gallery Doubletake: 23 contemporary artists from around the world explore the theme of collective memory, describing the pool of significant images, words and symbols that make up one layer of the history of our age. Ends April 20. Daily

Institute of Contemporary Arts Ian Hamilton Finlay: the Scottish artist's witty assault on the follies of modern times. Ends April 5. Daily

Tate Gallery Turner: watercolours and drawings 1830-1840. Ends May 10. Daily

National Gallery Raphael's Madonna with the Pinks: first public display of a painting probably made in 1508. Ends March 29. Daily

Royal Academy of Arts Andrea Mantegna (c1431-1506). Ends April 5. Daily (Tickets can be booked in advance on 071-287 9579)

MANCHESTER

City Art Gallery Turner and the Poetic Landscape: all 35 Turner watercolours in the gallery's collection are on show, together with two major oil paintings and a group of works on loan. The works range from landscape paintings of the Lake District to dramatic continental views. Ends June 7. Daily

Whitworth Art Gallery Expressionist prints by Oskar Kokoschka. The exhibition, focusing on his earliest period (1909-1921) traces his violent reaction to the prevailing art nouveau style, until his emergence as a humane and sympathetic artist after the turbulence of the war years. Ends April 25. Also Japanese Prints, featuring the work of Utagawa Hiroshige (1797-1858), and looking at attitudes to women revealed by prints from the golden age of Japanese woodblock printing. Ends May 2. Closed Sun

NEW YORK

Metropolitan Museum of Art Barbizon: paintings, drawings and pastels by six masters of the French 19th century school of naturalist landscape, including Corot, Millet and Rousseau. Ends May 3. Also French Architectural and Ornament Drawings of the 18th century. Ends March 15. Closed Mon

Museum of Modern Art Allegories of Modernism: a major survey of contemporary American and European drawing, addressing many of the dominant ideas in art from the past 15 years. Ends May 5. Also the William S Paley Collection: paintings, sculpture and drawings ranging from the latter half of the 19th century through to the 1970s, including works by Cézanne, Gauguin, Degas, Picasso and Matisse. Ends April 7. Closed Wed

Whitney Museum of American Art Terry Winters: mid-career survey of one of the leading figures among a small international group of artists who have invigorated abstract painting in the past decade. Ends May 10. Also William Wegman: retrospective of the artist best known for his photographs of his dog Man Ray. Ends April 19. Closed Mon

PARIS

Grand Palais Toulouse-Lautrec: a major retrospective of the fin de siècle French artist, with 200 works from public and private collections around the world. Ends June 1. Closed Tues, late opening Wed. To avoid queuing, advance booking is strongly recommended. Tickets can be booked by phone on 4804 3886 and by fax on 4274 3069 (ave du General Eisenhower, metro Champs-Elysées, Clemenceau)

Musée des Antiquites nationales The Stuart Court at Saint Germain en Laye at the time of Louis XIV: 35 paintings dating from the French exile of James II and the Old Pretender. Ends April 27. Closed Tues (Château de St Germain en Laye, more information on 3451 5365)

Fondation Mona Bismarck Masters of the Goodwood Collection: mainly 18th paintings, furniture, porcelain and objets d'art collected by the Dukes of Richmond and D'Aubigny. Ends March 22. Closed Sun (34 ave de New York)

Musée des arts decoratifs René Lalique: a collection of work by the goldsmith and artist in glass, who works in the art nouveau style. Ends April 5. Closed Tues (107 rue de Rivoli)

Musée des arts decoratifs (Palais du Louvre) Dubuffet. Ends March 29. Closed Mon and Tues (pavillon de Marsan, 107 rue de Rivoli)

Artcurial Zao Wou-Ki: abstract paintings 1976-1991. Ends March 28 (9 ave Matignon). A complementary exhibition of ink drawings can be seen at Galerie Marwan Hoss. Ends April 23 (12 rue d'Alger)

Musée des Arts de la Mode Elegance and Fashion in 18th century France. Ends March 31. Closed Mon and Tues (107 rue de Rivoli)

Musée d'Art moderne Alberto Giacometti (1901-66). Ends March 15. Closed Mon (11 ave President Wilson)

ROME

Villa Medici Zoran Music (b1909): 70 paintings, including several inspired by his year at Dachau, by the Italian artist who has remained consistently outside trends and fashions. Ends March 15

Palazzo Ruspoli Canova sculptures and the Farsetti Collection from the Hermitage in St Petersburg. Ends Feb 28. Daily

ROTTERDAM

Museum Boymans-van Beuningen Silver of a New Era: 300 items of late 19th century silverware from European and American public collections, tracing the development of the arts and crafts movement in Britain, followed by Jugendstil and Art Nouveau, and ending with Art Deco in the Bauhaus. Ends April 26. Closed Mon

STUTTGART

Neue Staatsgalerie Art Masterworks: an exhibition of 100 paintings, sculptures, photographs and objects marking the tenth anniversary of the Baden-Wurttemberg Museum Foundation. It includes 8th century bronzes, examples of Renaissance and baroque art, Jugendstil objects, sculptures by Picasso and paintings by Matisse and Max Ernst. Ends April 26. Closed Mon

ZURICH

Kunsthaus Walter de Maria (b1935): The 2000 Sculpture, a new installation by the Californian artist known for his symbolic monuments. Also Martin Disler: 50 prints from the past six years. Ends April 20. Closed Mon

Graphische Sammlung der ETH Joseph Beuys: 50 pencil drawings from the Grinten Collection. Ends April 10. Closed Sat and Sun (Ramistrasse 101, Tram 6, 9, 10)

FINANCIAL TIMES

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Friday February 21 1992

Lessons of Potchefstroom

South Africa's president, Mr F W de Klerk, is fighting for his political life. He is doing so with characteristic courage. He has responded to the challenge of a serious by-election defeat with a challenge of his own. The consequence is that white South Africans will now be faced with a fateful choice – whether to press ahead with the reform process initiated by Mr de Klerk, or whether to make what would be a disastrous attempt to stop the clock.

Mr de Klerk's decision was announced yesterday, following the victory of the pro-apartheid Conservative Party in Potchefstroom on Wednesday. This western Transvaal constituency was formerly a safe seat for the governing National Party, but the CP won it with a commanding majority. The outcome of one by-election can often be brushed aside as the consequence of a protest vote. Potchefstroom could be different. It may have signalled the draining-away of white support for the reform process.

The answer will be established by means of an early referendum of white voters. Its purpose will be to settle which party the white electorate wishes to represent it in negotiations with the African National Congress and other representatives of the black majority. A great deal of care will have to be taken with the question, which could determine the outcome. If he loses the referendum, the president said in the white parliament yesterday, he would resign and call a general election. Thus has the man many South Africans have compared to Mikhail Gorbachev put at risk his own fate and that of his country in one dramatic announcement.

False promise

The choices before all South Africans could not be more stark. The Conservative Party holds out the false promise of a white or white-ruled Afrikaner republic whose land area contains the richest and most developed mining and agricultural part of the countrywithout ceding, yet, any of the rest of South Africa as currently constituted. It would be apartheid with no real change except the possibility that the maps might be amended. Piling up enough urban votes to win a referendum would be a triumph for the CP, since it is strongest in the rural constituencies. If it won, it would be set for a landslide victory in the subsequent election.

It is probable that the military would be able to contain the black uprising that would be a consequence of such a retrogression, but the process would be bloody. The revolt, and the cost of containing it, would be many times greater than in the early 1980s. South Africa would be more isolated by the world community than it was before President de Klerk released Mr Nelson Mandela and began the process of seeking a peaceful settlement.

Powerful mandate

If Mr De Klerk wins, however, he will have a powerful mandate upon which to base further negotiations, leading to an early interim government representative of all parties. His difficulty is that, as a negotiator, he cannot lay all his cards on the table. White South Africans are uncertain about which compromises he is willing to make over power-sharing and safeguards for minorities. They will be asked to put their trust in the president. In a country riddled with fear this is asking a lot. Yet Mr de Klerk's record suggests that there is no other white South African in whom it would be better to place such faith.

Black South Africans meanwhile face a test of their patience. The way in which the ANC and the other non-white or non-racial parties behave between now and the referendum could affect its outcome. The option of sitting this one out while the whites make up their minds will not be appealing to leaders of what is still a quasi-revolutionary movement impatient to take a share of government power. Yet the president of the ANC, Mr Nelson Mandela, needs the support of Mr de Klerk just as much as the latter needs him. Mr Mandela will have to draw on all the powers of vision and statesmanship expected of him when he was released just two years ago if he is to steer his own people to a successful negotiation with the only party willing and able to agree power-sharing in South Africa.

Labour fails the health test

IT IS a strange quirk of British political life that the electorate does not trust the Labour party to run the economy or the Conservatives to run the National Health Service. The fact that the UK is in a deeper recession than most of its competitors does not appear to have shaken the former view. Voters may be equally prepared to be taken in by Labour's promises to sweep away the government's long-overdue reforms of the NHS, designed to improve the allocation of funds and curb rising costs.

Mistrust of Conservative intentions on the NHS is fuelled by the Labour party's success in portraying the reforms as a form of privatisation which will destroy the flagship of the welfare state. That charge was repeated yesterday by Mr Robin Cook, the shadow health spokesman, when Labour published its plans for the health service in greater detail than before.

Previous versions had promised to reverse the government reforms – for example, by taking the self-governing trust hospitals back under the control of district health authorities. But it was possible to believe that Labour had accepted the wisdom of key elements of the internal market. For example, the split between the purchaser of health services and the providers looked set to continue, albeit described in more PC (politically correct) terms. Yesterday's policy paper rudely dispels any such illusion, with the stark promise to sweep away the internal market.

In its place, Labour proposes a return to top-down administration for the health service. The government would set targets for the regions, which would set them for the districts, which would set them for the hospitals and other health care units. Tough talk about rigorous performance agreements cannot hide the fact that this is a return to the planned economy in health care, with the inflexibility and inefficiency which that brings.

Need to reward

Labour recognises the need to reward efficient providers of health care, but cannot accept that competition offers a tried and tested mechanism for doing this. So a system of "incentive funding" would hold back money to be distributed to service units which perform well against targets. Since some units will receive incentive funds and others will not, it is hard to see how this can be described as avoiding the need "to compete in order to succeed". Labour's promise that incentive funds will be introduced only after economic growth permits an increase in NHS funding does nothing to resolve the contradiction.

Market competition

These contortions cast doubt on Labour's avowed conversion to the merits of the market as a means of allocating scarce resources and driving up standards through competition. Mr Robin Cook certainly seems unpersuaded: he claims that market competition in the NHS will produce a "two-tier" health service. He is presumably working on plans to nationalise food distribution to avoid a two-tier market in this equally important staff of life.

Labour is, however, correct to point out that the government's reforms have created a two-tier service. But the cause of this is not the internal market: it is the partial introduction of self-governing trust hospitals and GP fund-holding practices which has created the differentials. Both have improved the quality of health care for those who use them: both should be extended to all parts of the NHS so that those currently not covered can benefit.

All over the developed world, health care systems are confronting inefficiencies and escalating costs similar to those which faced the pre-reform NHS. Despite national differences in health care provision, many are moving in directions similar to those mapped out by the government's reforms. Labour's determination to duck such questions is understandable given the political dividends from attacking the Conservative reforms. But it could be a crude form of "short-termism" if a future Labour government were to reverse the reforms and then find itself facing exactly the same problems which led to them in the first place.

Stefan Wagstyl on the state of Japan's economy after recent bad corporate results

Slow motion, but not a standstill

Warnings of losses at Sony, the consumer electronics group. Boardroom reshuffles at Isuzu Motors, the truck maker, and at Yamaha, the musical instrument company. Unprecedented proposals for cuts in research and development spending at Toshiba, the industrial combine.

The recent wave of Japanese corporate announcements leaves no doubt that the country's economic slowdown is hurting even the largest companies. The gloom has spread far from the recession-hit financial community into important parts of manufacturing industry. An element of panic is creeping into some businessmen's pronouncements about the future. Mr Masashi Iwasaki, the vice-president of Toyota Motor, the carmaker, is not alone when he says: "Conditions are worse than in the 1970s when we suffered from the oil shock or the 1980s when we were hit by *endaka* [the sharp rise in the yen]."

And yet the authorities steadfastly maintain that the economy is slowing gently following unsustainably rapid growth in the late 1980s. Mr Hiroshi Yoshimoto, the deputy governor of the Bank of Japan, yesterday told a parliamentary committee that there was no risk of a sudden decline in Japanese economic activity.

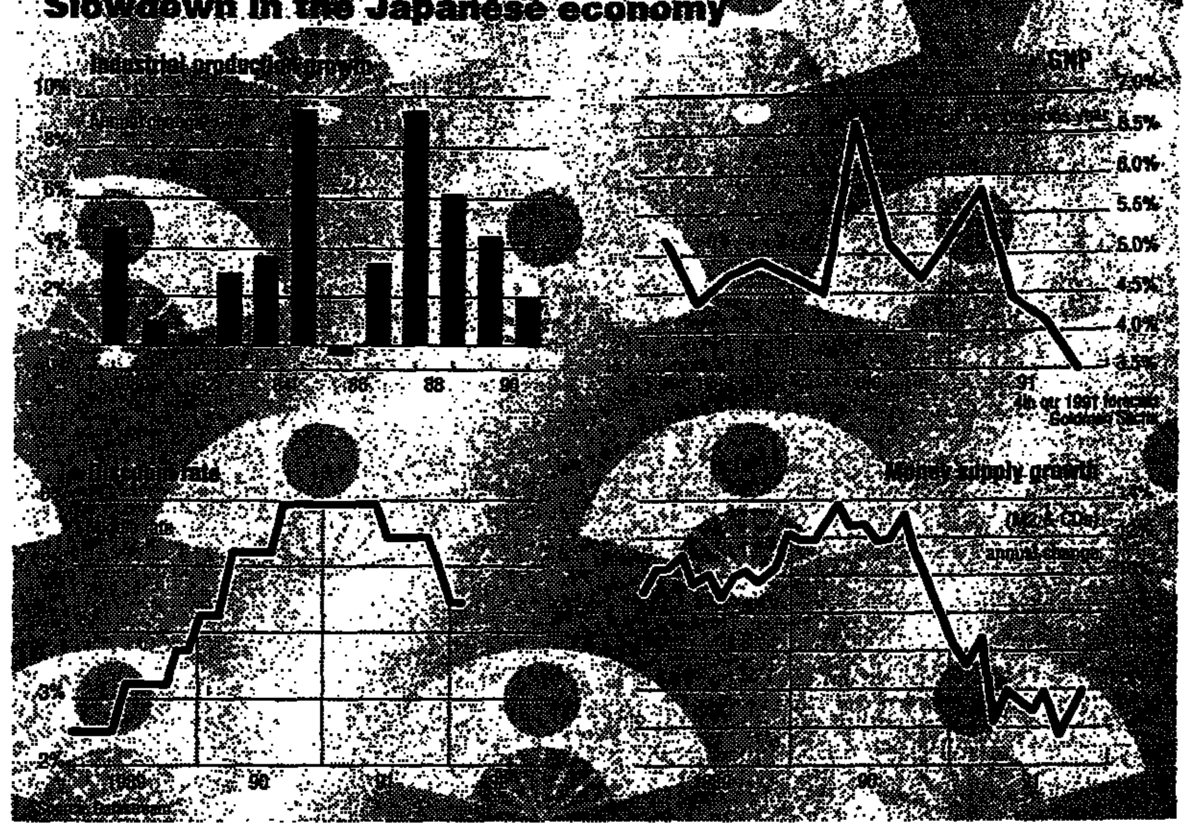
Who is right? Mr Iwasaki at Toyota or Mr Yoshimoto. In a sense both are – the economy as a whole is in little danger of plunging into recession, as Mr Yoshimoto says. But the difficulties facing individual companies and even whole industries are possibly as severe as Mr Iwasaki claims.

The consensus view among private sector economists in Tokyo is that Japan is in the midst of a slowdown that could last until the end of the year. Recovery may be hesitant and modest in scale. But a prolonged recession of the kind which followed the 1974 oil shock is unlikely.

Businessmen's anxieties are at least understandable. The stock market is in its deepest slump since the mid-1960s. Banks are burdened with a mountain of bad debt accumulated by stock and property investors who are going bankrupt in record numbers. Insolvent companies left debts of Y8,000bn (£36bn) last year – double the previous record of 1985. Industrial companies have to cope with low growth, high inventories, and over-extended capital investment and product development programmes. Losses are never to be taken lightly.

The squeeze on profits could last a year or more. However, even though many companies will face difficulties, Japanese industry as a whole is well placed to meet the challenge – by drawing on the resources accumulated in the fat years of 1987-90, the longest period of sustained growth since the second world war.

Figures put the problems in perspective. Economists polled this month by Toyo Keizai, a business information company, forecast on average that economic growth would slip from 5.7 per cent in 1990-91 to about 3.5 per cent in the year to March 1992 and 2.5-3 per cent in 1992-93. That is a far cry from the oil shock year of 1974 when the economy *declined* 0.8 per cent. It is, however, similar to the growth of 2.6 per cent achieved in 1986, when business sentiment was at least as bad as it is today. (Then, too, one of Japan's premier companies – Nissan Motor – suffered an operating loss.)



Certainly, capital investment is expected to fall in the new financial year – the first decline in 15 years, according to Nippon Credit Bank. But the bank expects a fall of only 1 per cent with continuing increases in investment by service companies compensating for a sharp decline by manufacturers. Nihon Keizai Shimbun, the business newspaper, forecast a decline of 4.5 per cent. However, these declines are from levels so high that Japan has been investing more each year than the US, an economy nearly twice as large.

Consumer spending is still fairly buoyant. Spending on luxury and high-cost goods has fallen but purchases of a wide range of consumer goods and services, even including non-essential items such as holidays, remain solid. It is, for example, almost impossible to book a room in a ski resort at the weekend within travelling distance of Tokyo.

Much of the bad news is in three industries: motors, electronics and machine-making

Exports too have held steady, with orders from the growing economies of east Asia and to some extent from Europe compensating for weak demand from North America.

Nevertheless, there is no denying the shock caused by recent corporate announcements. Sony, which this week forecast parent company operating losses of Y20bn in the year to March, has not been in the red since it was listed in 1958. Fujitsu, Toshiba and NEC, giants of the electronics industry, expect profit declines of 40-80 per cent. Toyota, with a June year-end, reported a 30 per cent decline in profits in the six months to the end of December.

More nasty surprises can be expected as the great bulk of companies with March year-ends prepare their final accounts.

Sluggish sales and falling profits are prompting severe cuts in corporate spending, starting with capital investment. Sony is reducing capital investment by a third to Y280bn. Toshiba says it is considering a reduction of 20-30 per cent. Other electronics group are certain to follow suit.

Companies are even making cuts in their current operations. Nissan, the motor group, announced plans to close its assembly plant in Australia. Daihatsu, another vehicle manufacturer, is pulling out of the US market. Toshiba is considering cutting research and development spending – for the first time ever. The most hard-pressed companies are going as far as sacking staff – a rare move in a country where lifetime employment is the norm among large employers.

But anecdotes from the corporate battle front need to be put in context. First, much of the bad news coming from manufacturing is concentrated in three industries: motors, electronics and machine-making. These sectors performed particularly well in the 1980s and are now suffering a sharp cyclical downturn. Cars, electronics and machines account for more than half of Japan's exports but only about 10 per cent of total output. Factories still dominate large swathes of Japan's urban landscape, but they now produce less than 30 per cent of the nation's output. Fully 60 per cent of output services.

Next, even within these industries some groups are much better off than others. Sony is worse hit by the downturn in demand than some of its rivals because of its relatively heavy debt. Matsushita Electric Industrial, with cash in the bank, has more room for manoeuvre.

Some industries have so far been untouched by the downturn, notably shipbuilding where order books are so full that companies are rehiring retired workers. Demand also remains buoyant in food processing and toiletries and other non-cyclical industries. "Our sales are good," says an official at Lion, a leading soap manufacturer.

Even Lion may yet feel the pinch. Some supermarket chains, notably Jusco, one of the largest operators, are preparing price discounting campaigns. As one Jusco executive says: "Consumers are more worried about their money in a recession."

That is true. But Japan is still a long way from a true recession, when the economy contracts for two successive quarters. Moreover, while some negative influences, such as cuts in capital spending by electronics companies, have still to exert their full impact on the economy, benign forces are also at work, such as the effects of last year's three cuts in the Official Discount Rate, taking it from 6 per cent to 4.5 per cent.

In the last resort, it is not forecasts, which could prove too optimistic, but the ability of the authorities to react to bad news that gives confidence. The Bank of Japan has room to cut rates further and is widely expected to do so in the next two or three months. After a decade of fiscal self-restraint, the government could also launch an economy-boosting increase in public spending. Should a real recession appear on the horizon, the government has adequate room for manoeuvre.

Chill wind for electronics

The Japanese economy may not be in recession, but this is cold comfort to the country's electronics industry. The industry, which has been one of the engines of growth of the Japanese economy, is sputtering and stalling, writes Steven Butler.

Sony, a flagship company for Japanese consumer electronics, is currently suffering losses of about $1.7m a day. Toshiba, NEC and Fujitsu have already slashed profits forecasts for the fiscal year ending in March. Hitachi, Mitsubishi Electric and Matsushita Electric Industrial are likely to follow suit.

There are several reasons for the reversals. While consumer spending in Japan remains relatively strong, the competition between electronics manufacturers in the domestic market is cut-throat. At the same time, electronics companies have failed to develop a new generation of consumer goods to replace existing products. In the past, their strategy was to use their technological strengths to develop new products, which in turn would generate demand. But at the moment, this strategy does not seem to be working.

In consumer electronics, where Matsushita and Sony are the biggest companies, consumers' demand for the products on offer has been satisfied. Sales of colour televisions, video recorders, hand-held video cameras, Walkman-type cassette recorders and compact disc players – the big hits of recent years – have peaked. And there is little on the horizon to fuel a new burst of demand.

Sony has managed to keep its factories humming, churning out more products, but not at a profit. It is, moreover, burdened with net debts of Y1,000bn (£4.5bn) following its purchase of Columbia Pictures in 1989 and CBS Records in 1988. Sony is finally paying the cost of its willingness to take big risks, and is being forced to cut capital spending by 36 per cent this year as a result.

The other large Japanese electronics companies are suffering because of their investment in developing semiconductor chips, the memory banks of electronic products. Prices of the latest generation of high-capacity semiconductor chips – the 4 megabit dynamic random access memory chips – collapsed even before demand picked up.

None of the companies is likely to make profits on the hundreds of millions of dollars needed to develop the chips. The next generation of chips, the 16M D-Rams, is likely to be a money loser, and there is as yet no apparent mass market application for 64M D-Ram chips, the following generation of semiconductors.

Toshiba, meanwhile, has lost its leadership in the US market for portable computers, which it helped to create, and is struggling at home. Fujitsu is suffering from the "downsizing" in the computer industry – the move away from mainframes to small, powerful workstations.

Japanese electronics companies are facing difficult questions about where to invest. They will have to spend less, and funnel it into products and technologies that are less risky. Some will find they have to abandon parts of their businesses and focus on what they can do best.

OBSERVER

Questions and answers

■ When it comes to matters of judgment, Britain's clearing bankers have not emerged at all well from the Robert Maxwell disaster. Not only did they lend his empire well over £1bn but even worse they handed over to him control of their professional organ – Banking World.

The big selling point of the magazine is that it provides model answers to bankers' exam questions – which makes it an essential tool for young bankers on the make. Back in 1983, the Chartered Institute of Bankers agreed to merge its own journal with Maxwell's newly-acquired Bankers' Magazine. Maxwell controlled the Banking World title and his printing presses look after the monthly print-run of 130,000 copies. It is a nice little earner and has saved the institute a lot of money and heartache.

However, the Maxwell connection is proving an embarrassment and the Institute is now wondering how to extricate itself gracefully from the mess. There is talk of a management buy-out of Maxwell's contract publishing interests. Since the Banking World print run is a valuable contract the managers would obviously like to retain it.

Not surprisingly, the Institute is worried lest its organ falls into the hands of another unsavoury character. Model answers please to Roger Flemington, president of The Chartered Institute of Bankers, 10 Lombard Street.

Ex-tax haven

■ President George Bush, the kinder, gentler president, now knows what it is like to feel homeless.

Although he has lived in Washington for years and owns a holiday home at Kennebunkport, on the Maine coast, his official residence for tax purposes is a suite at the Houstonian Hotel in Texas. Unfortunately, The Houstonian has now collapsed under $3m of debt and has filed for Chapter 11 bankruptcy protection.

The big advantage of living at the hotel is that Texas levies no state income taxes. According to Money magazine, the Bush family paid $99,241 in federal income taxes in 1990 on a presidential salary of $200,000 and investment income of $253,000. But the president only paid $3,596 in state taxes, however, rather than the $29,000 he would have paid as a Maine resident, or the $30,000 that would have been levied by the District of Columbia.

Thousands of Americans have written to the Texas state comptroller requesting Texas citizenship after a Doonesbury cartoon strip urged its readers to follow the president's example. "I think this might help him get the message. Most people understand economic problems when something personal happens to them," crows concludes Ed Martin, the Democrat party's Texas executive director.

Conflicting

■ While it is no surprise to see a voluble critic walking out of the door, nobody quite believes the reasons LWT chief Greg Dyke has offered for his resignation from the board of ITN.

Citing conflicts of interest over bids for the new Teletext licence, Dyke pointed to a disagreement over the fact that ITN, shareholder in current franchise holder Oracle, also leads the consortium for rival bidder Update Teletext.

But the bids were submitted a month ago, so why on earth has the normally irrepressible Dyke waited until now to voice his displeasure?

Given that LWT has only around 6 per cent in ITN, Dyke can undoubtedly plead more pressing calls on his time – the ITV Association of which he is recently chairman, *inter alia*.

More pertinently, just this week LWT and Carlton unveiled an important joint venture, initially a London regional news service – but, both parties no doubt hope, a serious competitor to ITN one day.

"I can remember when this country was powerful enough to cause a world recession"

In the club

■ Most people would agree with Labour's tribute to Britain's nurses whose dedication means they "routinely do more hours than they are paid [for], staying on without overtime or working through lunch". But when the new policy document "Your Good Health" goes on to lavish praise on the consultants, Observer begins to feel a bit queasy.

After all, many GPs attribute delays in treatment under the NHS to consultants who find lengthy waiting lists a useful marketing aid for their lucrative private practices. And consultants' working practices (not to mention their devotion to improving their golf handicap) are often responsible for under-use of hospital beds.

Didn't Barbara Castle fall out with the consultants over their hours of work when she was Labour's health secretary in the mid-1970s? Not unreasonably, she wanted those who were paid by the NHS to work for the NHS rather than for themselves. Perhaps Robin Cook hopes to avoid such confrontations by this sort of sucking up – but Observer doubts whether it will cut much ice with the long-suffering NHS-user.

Hackette

■ It's a funny old world. Barely 18 months ago Margaret Thatcher was the most successful peace-time prime minister for a century. Now she has given the latest Commons register of members' interests her own description of the role into which she was cast down by her colleagues. Under a section headed Trades or Professions etc, Thatcher replies, perhaps unduly poignantly, that she is a now a "freelance lecturer, writer and broadcaster".

Own goal

■ Love and marriage, love and marriage, go together like ... Masters & Johnson. Not any more. The 21-year marriage, and 35-year partnership, of the world-famous sex therapists and authors of such tomes as Human Sexual Response and Human Sexual Inadequacy, are filing for divorce.

William Masters, now 76, and Virginia Johnson, 67, are apparently basing their decision on "difference in goals".

What hope is there for the rest of us... especially if we are Chelsea supporters?

Tracking Virgin's vapour trail

Richard Branson is selling parts of his empire. **Bronwen Maddox** examines this strategy

After several years of turning down offers for Virgin Music Group, Mr Richard Branson is on the verge of selling a majority stake in the record label, the largest and most profitable part of his empire. At the same time he wants to sell stakes in other companies – prompting Virgin watchers to ask whether the UK's second-largest private group is strapped for cash.

The music industry expects that the Virgin Music Group deal will value the record label at more than $1bn. Mr Branson also hopes to raise £55m from the sale of a 20 per cent stake in his airline, Virgin Atlantic Airways; and he is seeking a 20 per cent partner for his continental European record stores, known as Megastores. His communications companies have just sold their largest profit-earner, the computer games company Mastertronic, for $60m (£34.2m).

Both Mr Branson's rivals and those who see him as a rare British entrepreneur, are asking questions about this money raising.

First, do his airline and record shops need cash urgently? Second, if not, why is he selling? And third, what will he do with the money?

Of the four separate Virgin enterprises – music, retail Megastores, airlines and holidays, and communications – it is the airline that prompts the most pressing questions about financial stability. It is operating in the middle of the worst airline recession for decades, and is involved in a bitter commercial and publicity war with British Airways. It has also borne the heavy start-up costs of flying out of Heathrow airport since last July.

Created in Mr Branson's image – young, cheerful – Virgin Atlantic started flying to New York out of Gatwick in 1984. Its executives feel it came of age last year after winning access to the Heathrow slots.

"People think you need a lot of money to run an airline but it isn't true," Mr Branson said. The airline's latest results for the year to July 1991, show it has been hit hard by the recession, and that without more cash it will not be able to expand. But the results also establish that the airline's debt did not soar last year, contrary to the expectations of industry competitors.

Voyager Travel Holdings, the holding company for Virgin Atlantic Airways and its linked tour operator, Virgin Holidays, made an £0.8m pre-tax profit in the year to July 1991 compared with £8.5m for the corresponding period of the year before. Its executives describe this as a "considerable relief" as the Gulf war had pushed up fuel prices, and the Heathrow start-up meant buying aircraft and employing more staff. The figures indicate Virgin Atlantic made a £3m loss which was offset by a £3.3m profit on the part of the tour operator.

Despite this squeeze on profits, Mr Branson stuck to his philosophy of low fares and generous "add-on" incentives, such as a free economy ticket with a business ticket. He credits his success in winning business travellers – who now account for 36 per cent of its revenues – to this philosophy.

Voyager points out that it scraped into profit with only eight aircraft, while British Airways, with more than 200 aircraft, made a pre-tax loss of more than £10m in the 12 months to June 1991. However, BA's loss contains £120m of exceptional costs and the airline bounced back with pre-tax profits of £285m for the last nine months of 1991.

But the pressures on Voyager are clear. Its interest bill of £1.3m was only just covered by operating profits of £2.1m.

The decline in airline profits cut operating cashflow to £1m from £29m. It was still able to spend £27m on new equipment, only slightly less than the previous year, but that was partly financed by selling an aircraft for £27m. Even so, net debt at July 1991 was up by £9m during the year to £39m.

Virgin executives see last year as a short-lived trough. They are projecting £4m pre-tax profits in the year to October and £29m the following year as conditions improve and start-up costs are left behind.

Now they want to apply for routes to Johannesburg, and perhaps San Francisco and Washington DC. They insist that Virgin will always be a "point-to-point" service and that the airline is not trying to build the expensive "hub and spoke" networks of the world's largest airlines. But the expansion will take more money.

"If we stick with the routes we have now, we're fine – we don't need more cash. But it's an exceptionally good point to buy aircraft cheaply while the market is depressed," according to Mr Trevor Abbott, group managing director of the airline and retail companies.

Some airline industry observers are sceptical about Virgin's expansion plans. They argue that the company's existing services already tap into the world's busiest routes and that profits from those routes will come under increasing pressure.

By moving into Heathrow Virgin has taken on US carriers such as American Airlines and United, which were also granted rights to fly into the airport for the first time last year. These giant carriers are expected to launch a second marketing onslaught on Transatlantic routes this summer, putting pressure on yields.

Despite such reservations, it seems likely that the airline can avoid serious financial difficulties, provided Voyager manages to attract a 20 per cent investor.

Virgin's Megastores also have heavy investment plans but these pose less risk and the shops probably offer less potential than the airline. The Megastores, while accounting for a fifth of all the Virgin companies' £1bn turnover last year, made a small pre-tax loss. The earnings from the UK and Japanese stores are offset at the moment by the development costs of the continental European stores.

Looking at the investment plans in the airline and Megastores, one of Virgin's former City advisers points to Mr Branson's policy of joint ventures as a sign of his financial prudence. In 1988, Mr Branson sold 25 per cent of Virgin Music Group to the Japanese conglomerate Fujisankei for $150m (£96m); this year he has agreed a 50:50 joint venture of the UK shops with the retailer W H Smith.

"He doesn't seem to have the hang-ups some tycoons have – insisting on total ownership – in fact he's shown a real knack for using other people's money to do what he wants," said the former adviser.

Even so, it will take years to see whether the investment in airlines and Megastores will match the striking success of Virgin Music Group, or whether, five years from now, they will simply seem an expensive and well-publicised hobby. Virgin Music Group still dwarfs its younger sister companies, with turnover last year of £350m and estimated pre-tax profits of some £15m-£20m. Selling a majority stake in it will mark a turning point in the Branson companies and, on a more personal note, in Richard Branson's life.

Mr Branson said: "It just seemed the right point not to keep shutting the door on these offers."

According to Mr Abbott, the willingness to consider selling the group also marks Mr Branson's new confidence that he has built other businesses – the airline and Megastores – to replace it, and that they are here to stay.

Clearly the sale is a wrench, and his preferred deal is one that allows him to keep a small stake, Mr Branson says. But his colleagues point out that he has not been closely involved in the music group for years. One, who asked not to be named, said: "Richard may have got to that age where he thinks there's more to life than music. Please don't say he's grown up – he's just changed."

How will Virgin spend the cash? The record industry's giants, including Thorn EMI, the UK leisure conglomerate, and Bertelsmann, the German media group, have pushed the bidding higher since serious negotiations started this year, and Mr Branson could realise up to $750m on the sale.

The group's broadcasting ambitions seem unlikely to swallow much of this new cash – Virgin failed to win any of the new ITV licences when they were auctioned last year, although this did not deter it from applying for the second national radio franchise.

But the word that gets Mr Branson excited is railways. He has made no secret of his dream of running a high-quality train service, aimed at the business market, on British Rail's longest routes.

Or Virgin could simply sit back and enjoy having cash in the bank. Mr Abbott said: "It could be really rather a lot of money, couldn't it? And we're not short of ideas, you know."

The Branson empire

● **VIRGIN MUSIC GROUP**
Recording (80% of turnover)
Music publishing (18%)
Studios (2%)
Turnover: c. £350m
Pre-tax profit: *c. £18m*
Outside shareholders: Fujisankei – 25%

● **VIRGIN RETAIL GROUP**
Virgin megastores & games stores:
Turnover: £175m
Operating profits: £1-2m UK & Japan;
(Europe lossmaking during development)
Pre-tax loss: c. £1m
Outside shareholders: *WH Smith – 50% of UK stores*
Marui – 50% of Japanese stores
European consortium – 20% of continental stores

● **VOYAGER TRAVEL HOLDINGS**
Virgin Atlantic Airways (80% of turnover)
Virgin Holidays (17%)
Virgin Aviation Svcs (3%)
Turnover: £281m
Pre-tax profit: *£775,000*
Outside shareholders: Seibu Saison – 10% of Virgin Atlantic
[illegible] – 50% of Voyager Hotels

● **VIRGIN COMMUNICATIONS**
Computer games, TV post-production
publishing, distribution
Turnover: c. £140m
Pre-tax profit: c. £14m
(incl. Mastertronic, games distributor sold last year)

Joe Rogaly

Beurre Heseltine

Butter wouldn't melt in the mouth of Mr Michael Heseltine. From the moment he rejoined the cabinet in November 1990 he has been as good as apple pie. Not a whisper of ambition emerges from his lips; not a shadow of a flicker of a disloyal expression can be discerned on his face. He has adopted a new role. He has an almost conventional haircut. He is the Conservatives' Character. His formal appellation of environment secretary is an inadequate description of his present position within the administration. Character is his correct title. It is his alone. There is no other. Not even Mr Kenneth Clarke deserves it; he is still an understudy.

We have now had 14 months of *beurre Heseltine*. Surely it cannot last? I think it can, at least for another eight weeks or so. Character will hugely enjoy adding himself to the Tory campaign. In Wednesday's economic debate we saw what he can rustle up when there is nothing in the pantry. Teasing the shadow chancellor for his attempts to establish Labour's respectability at City luncheons he said of Mr John Smith: "All those prawn cocktails for nothing! Never have so many crustaceans died in vain! With all the authority that I can command as secretary of state for the environment, let me say ... 'Save the prawns!'."

As for Mr Neil Kinnock, whose famous ruminations about phasing in higher taxation took place at Luigi's restaurant, Character invited the house to picture "the leader of the opposition fighting to prevent long strings of spaghetti slipping through his fork, while the minutiae of national insurance contributions slipped through the caverns of his mind". It was "economics *bolognese*".

These trifles diverted our attention from Mr Smith's devastating attack on the economic record of Mr John Major's government. It was a great service to the prime minister from the man who, just a year and a bit ago, had attempted to replace She who regarded herself as the *sole bonne femme* (or, as Mr Heseltine might have put it, *mauvaise femme*).

If you take Character's characteristic explanation, Wednesday's performance was normal service resumed. He was cooking up no sweet dish for himself, least of all a future bid for the leadership of his party.

Nothing has ever been further from his thoughts. During his four years in the wilderness there were, of course, many unworthy suggestions that he had resigned from Mrs Margaret Thatcher's cabinet and subsequently kept himself in the limelight with the single purpose of becoming prime minister. The many of us who conversed with him during that time all unaccountably came to the same conclusion: he was after the top job.

Mr Heseltine will have none of this. He was determined to survive as a politician after leaving the cabinet, that was all. As he accepted the ever-increasing number of invitations to speak at this or that Tory rally people began to ask if he was ambitious. Being honest, he acknowledged that, like everyone else, he was. That was how the myth grew. He did not expect to win in November 1990. His achievement was to survive, unlike all the others who had departed from Mrs Thatcher's cabinets.

He was surprised how wary of him the younger ministers were

The test of Character will come after April 9, if that is to be polling day. Before he returned to the fold the supposition was that he would be called on to lead the party if Mrs Thatcher lost an election, or won it by a wafer-thin majority. That was then. Now is different – or is it? The odds are that Mr Major will either win by a handful of seats or find himself swirling about in a hung parliament. Character will presumably want everyone to believe, although he probably suspects that they will not, that what applied when Mrs Thatcher was leader has no validity when Mr Major's goose is the one that may be about to be cooked. In any case, Mr Heseltine's firmly expressed forecast is that the Conservatives will return with a decent majority.

If they do, his loyalists will insist that the party has him to thank for it. Before he became leader Mr Major was asked whether he would appoint the then highly controversial Mr Heseltine to his cabinet. His reply was that he wanted to win the next election. Yet giving Mr Heseltine any big-spending department is a political statement. It says that the government will put up with a certain brand of interventionism. Mr Major offered him the small-spending Home Office, but Character was too wise to accept that mess of pottage.

His three preferred departments were environment, defence and industry. Using environment as a base he has involved himself in many of the politico-industrial decisions that cross Whitehall desks. He could have done the same from either of the other two departments.

The chosen route of the Channel tunnel rail link into London is his. If a local authority wishes to bid for some of the £750m City Challenge money on offer, it must first demonstrate that its relationships with its police department and local businesses are cordial. Treasury rules for accounting for European Community regional aid must be amended, as, after some delay, they were. He does not always get his own way, but he does so often enough.

When Character first returned to office he was surprised by how wary of him the younger ministers and officials were. It has taken time to allay their fears. Now he finds himself close to the prime minister, not quite his deputy – Mr Major is too sensible for that – but one of the inner circle of strategists, able to go where he pleases and speak on any subject he likes. If the Conservatives win well, and Mr Major has the courage to keep him, Mr Heseltine will surely become his deputy for micro-economic management, just as Mr Douglas Hurd is for foreign affairs. If not, there may be an awful mess in the kitchen.

LETTERS

Not a cheap alternative

From Mr Neil Taylor.

Sir, I am writing to correct the implication that New Zealand lamb is a cheap alternative to British in David Richardson's article (Farmer's Viewpoint, February 18).

New Zealand lamb has a place in the European market in providing a complementary supply and sustaining interest in lamb at a time when the domestic product is either not available or of variable quality.

British producers rushing to get the most out of the variable premium, prior to its abolition at the end of last year, created some of the problem by having lower than normal stocks available to supply their customers in the new year.

Traditionally, at this time of year, the British product is variable and supermarkets, as always, supply their consumers with the best quality product available. They have chosen New Zealand product. Their decision is not solely based on price but on value for money.

New Zealand's unsubsidised producers are constantly having to compete with situations such as this which have been created by market distorting policies.

To borrow a phrase from Mr Richardson's headline: New Zealand farmers are "not in the mood for joking" either!

Neil Taylor,
trade policy director (Europe),
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London WC1X 8HR

Folly inherent in call for a managed economy

From Mr Colin Smith.

Sir, The chairman of Rover Group attacks the government for its espousal of market economics (February 18) but fails to tell us what corporate mechanisms are implied in his call for a national industrial strategy.

Is Mr George Simpson suggesting, for instance, another National Enterprise Board? If so, he would do well to reflect that, from over 100 investments made by the NEB, 35 had to be put into receivership or went into liquidation; 38 were sold at a loss to the taxpayer (including one which lost £34m on its own), leaving a mere 29 to be sold at a profit. Incidentally, the Labour party's proposal for something called British Technology Enterprise, to be run along similar lines to the NEB, shows that it is not only Mr Simpson who needs to re-learn the lesson of this particular corporate folly.

Nor does Mr Simpson help his case by citing a so-called managed economy like Germany's. There, for example, record public borrowing, excessive state subsidies, heavily bureaucratic regulation and high corporate taxation all add to the competitive pressures facing German business leaders compared with the freer conditions applying in the seemingly reviled UK.

The Rover chief's ill-advised excursion into the political arena would carry more weight if and when his company manages to get within sight of the proposed output of his north of England Nissan competitors. In the meantime, his shareholders can take little comfort from what looks conspicuously like special pleading.

Colin Smith,
34 Greycoat Gardens,
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London SW1P 2QB

Central to working parents

From Ms Lesley Abdela.

Sir, My guess is that Labour's 5-point lead among women voters disclosed by Harris (February 17) is directly due to different attitudes to the urgent problem of childcare.

Until the present government overcomes the antiquated and short-sighted views of the Treasury and some of its own party backwoodsmen on a national, affordable, good-quality system of childcare, rather than tinkering at the margins, it cannot rely on the votes of millions of working parents who consider this matter ever more central to their economic lives.

Lesley Abdela,
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Fax service
LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Ambitious, not unsuccessful

From Mr Richard Watney.

Sir, Danny Chapchal's views (Management: The Growing Business, February 18) on why so many small businesses fail are hardly revolutionary and are particularly inappropriate for those companies fortunate to be still trading successfully. His comments about management style, employability and the "we know best approach" are to be found in most business start-up handbooks.

Although many people start businesses to be more successful than they are currently being, this should not imply that they are already unsuccessful, just that their ambitions are not being realised quickly enough. I gave up a successful career in the City during the boom years to set up my own company because I felt I could achieve more running my own operation.

I was guilty of many of the traits he highlighted for failure, yet my particular organisation continues to be highly profitable even in the current climate. I would suggest that the secret for continued success is determination and the ability to try out new ideas and learn from both the unsuccessful and successful ones.

Finally, as Lord Hanson has proved, to turn loss-making operations into profit by cost reduction and selling off subsidiaries is easier than profit generation and job creation from new ideas and products.

Richard Watney,
managing director,
Compliance.
47a Old Woking Road,
West Byfleet, Surrey

'Seeing the whole': the route to introducing management processes

from Mr Tony Gill.

Sir, I was disappointed by Christopher Lorenz's conclusion from his reading of "The Fifth Discipline", by Peter Senge, that organisational learning is likely to become the "next American-spawned management fashion" (Management, February 17).

Systematically, perhaps, Lorenz has captured the major themes of the book. Systematically, he has failed, in spite of the fact that the Fifth Discipline is all about systemic thinking. Lorenz shows every sign of being event-driven rather than rising above management fashions to understand the underlying processes. I accept that there are gaps and over-simplifications in the book. However, the message is clear: we need to "see the whole" if we are to succeed in introducing any of the management processes of total quality, time-based competition, change management, etc.

Our consultancy experience indicates that organisations are beginning to realise the power of systemic thinking – it is this that integrates the functional and operational areas of the organisation resulting in greater organisational effectiveness. The concept of the Learning Organisation is just one facet of systemic thinking. It is the application of systemic thinking that permits organisations to address such paradoxes as "autonomy and control" and "continuity and change". TQM itself has raised these very questions: how do you "empower" the workforce without losing control over the organisation; how can "continuous improvement" take place? Management fads and recipes are no substitute for systemic thinking as a way to manage complexity.

True, Senge is not the first to promote these ideas. One of the UK's foremost proponents of systemic management is Professor Stafford Beer, whose numerous works include "Cybernetics and Management" in 1959; "Platform for Change" in 1975; "The Heart of Enterprise" in 1979; "Diagnosing the System for Organisations" in 1985. So, what is new? Again the UK has been slow to accept its own home-grown ideas. If it takes Senge's evangelical fervour to waken UK plc and public sector organisations to the potential of systemic thinking, then so be it.

Tony Gill,
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FINANCIAL TIMES
Friday February 21 1992

Voices of protest put PR on French agenda

Support for the far right and ecologist parties has risen sharply, writes Ian Davidson

THE SURGE in voter support in France for the extreme right-wing National Front is monopolising national attention, sending a frisson of anxiety through the main political parties, on the right as well as on the left.

However, the ominous overtones of racism and angry xenophobia accompanying the far right's rise have overshadowed an important parallel surge in support for the country's ecology parties. In next month's regional elections, ecologists may yet win a share of the national vote that is not far short of the Front's.

Surveys suggest the Front will gain between 15 and 20 per cent of the vote. Regional opinion polls show ecologists winning 15 per cent in the Paris region, 17.5 per cent in the Centre region, 17 per cent in Basse Normandie, 18 per cent in Haute Normandie, and 16 per cent in Brittany.

In tactical terms, though, the traditional parties are less worried by the ecology breakthrough than by the Front's. The Front presents them with agonising dilemmas, not least how to woo the Front's potential voters without endorsing its prejudices. The ecologists, by comparison, seem innocent and benign. All parties can profess concern for the environment.

In reality, however, the political establishment should be twice as exercised, because the message of the double breakthrough is that the electorate is deserting its traditional political allegiances on a large scale.

If the rump Communist party, which is likely to remain stuck in the 5-10 per cent range, is included, it is possible the protest parties will account for some 40 per cent of the total vote. Three mainstream parties will share the remaining 60 per cent.

The second reason the ecologists are not commanding much national attention is that they are divided into two quarrelling wings: Génération Ecologie (led by 46-year-old Brice Lalonde, who as the ecology candidate in the 1981 presidential election got 3.85 per cent and is now environment minister in the Socialist government) and the Greens (led by 43-year-old Antoine Waechter, who as the ecology candidate in the 1988 presidential election did slightly worse at 3.78 per cent).

The quarrel dates to the formation of the Green party in 1984 and revolves round the relationship of ecology to the politics of power. The Greens accuse Mr Lalonde of selling out to the Socialists, in particular for failing to strike a strong blow against nuclear power. Génération Ecologie claims to be a movement (not a party) with the reformist aim of changing minds, and accuses the Greens of being unrealistically purist. The Greens claim that Génération Ecologie is an undemocratic machine for the personal ambitions of Mr Lalonde.

But the central fact is that the split does not seem to have damaged the ecologists' appeal. Support began to rise three years ago when the Greens scored 10.6 per cent in the 1989 European elections. Next month the ecologists could score 50 per cent more, probably split evenly between the two movements.

The unstated agenda behind the rise of the protest parties is the question of electoral reform. Regional elections, like those to the European Parliament, are decided on the basis of proportional representation, whereas those to the national assembly are decided on a majority vote. The result is that neither the Front nor the ecologists are represented in parliament.

President François Mitterrand has repeatedly indicated a desire to switch the national voting rules to PR before the general elections scheduled for next year. The ostensible purpose of such a manoeuvre would be to make parliament more representative. The real purpose would be to prevent a sweeping victory by the traditional conservative parties over his Socialists, by letting in other minority parties.

Socialist party leaders are opposed to PR, even though it might dilute the scale of their likely defeat this time, because they fear it could also dilute the scale of their possible recovery in some later election. But if the regional elections show that 30 per cent of the electorate is unrepresented in parliament, the pressures for some degree of PR could become irresistible.

Russians forecast sharp rise in value of the rouble

By John Lloyd in Moscow

RUSSIAN government officials predicted yesterday that the rouble could reach Rbs50 to the dollar by the end of April as the currency continued to show a sharp rise in value.

This would compare with a level of Rbs110 earlier this month. One Moscow bank set a rate of Rbs70 to the dollar yesterday.

The rouble is still the official currency of all 15 of the former Soviet republics in spite of moves in some CIS states to introduce separate currencies.

Mr Alexei Ulyukayev, the Russian government's senior adviser on the economy, said this week's currency movements were due to higher demand for roubles after the freeing of prices, the introduction of export tariffs and the rise in interest rates. However, foreign bankers in Moscow say the main cause is a shortage of roubles due to the inability of the printing plants to keep up with demand.

The Russian central bank, which is creating a hard currency fund by taxing export earnings to stabilise the rouble, has been selling $2m-$3m a week to stop the rouble falling too far. The Russian fund is expected to remain relatively small because many Russian exporters are keeping their hard currency abroad.

The government is negotiating with the International Monetary Fund on its application to join the IMF – expected to be completed in early March – and on the Russian demand for a stabilisation fund of $6bn-$7bn for the rouble to allow internal convertibility.

Mr Ulyukayev also said that president Russian Boris Yeltsin would shortly sign a decree penalising companies which charged excessively high prices.

A blacklist would be drawn up from among the 2,000 monopoly suppliers – most of the large enterprises – and those on it would suffer price and profit controls, the freezing of export licences and wages and the withdrawal of government subsidies.

● The foreign ministers of Armenia and Azerbaijan called for an immediate ceasefire in the disputed territory of Nagorno-Karabakh, Reuter reports from Moscow.

After eight hours of talks in Moscow, a joint statement said they had agreed on "the need for an immediate ceasefire in the zone of the Karabakh conflict".

Ukraine reforms; Defence plants conversion, Page 2

Tony Andrews

Attacking Labour's tax plans: Chris Patten (left) and Norman Lamont at yesterday's press conference

UK government sets stage for expansionary pre-poll budget

By Ralph Atkins, Emma Tucker and Philip Stephens in London

THE BRITISH cabinet yesterday gave the go-ahead for an expansionary pre-election budget against the backdrop of the longest UK recession since the Second World War and an opinion poll showing the opposition Labour party with a 4-point lead over the ruling Conservatives.

Mr John Major, the prime minister, hinted at a significant increase in public borrowing to fund the tax cuts expected in the March 10 budget, only to collide with Mr Neil Kinnock, the Labour leader, over spending priorities.

Figures from the Central Statistical Office showed that non-oil output fell for the sixth successive quarter. Mr Kinnock turned a past Conservative election slogan on the prime minister to claim, "It's official – Majorism isn't working."

The latest NOP poll for the Independent shows Labour with 42 per cent, the Conservatives with 38 per cent, and the Liberal Democrats with 15 per cent. In the same poll last month, Labour led the Tories by 43-40, with the Liberal Democrats on 13.

Opposition party strategists said battle lines were becoming clearer. Voters faced a choice between cuts in the basic rate of income tax under the Conservatives or more health service spending and incentives for industry under Labour.

In the House of Commons, however, Mr Major accused Labour of having to go back to the "drawing board" on its tax plans. He said the government had spent "in excess" of the real health spending increases promised by Labour at the 1987 election, but again insisted that a world economic slowdown was to blame for the UK's recession.

In an interview this week, Mr Major said it would be "prudent" to increase borrowing in a recession.

The UK cabinet yesterday discussed the budget for 80 minutes, including a presentation of forecasts by Mr Norman Lamont, chancellor of the exchequer. The "mood of realism," described by Downing Street, was fuelled by the output figures.

Excluding oil and gas production, gross domestic product fell by 0.4 per cent in the fourth quarter of 1991 compared with the previous quarter. This brought the overall year-on-year decline for 1991 to 2.5 per cent, the sharpest yearly contraction since 1931.

Downing Street acknowledged that lower than forecast growth would mean the public sector borrowing requirement as a share of GDP would be "somewhat higher" than forecast in the autumn economic statement.

An official statement said Cabinet ministers "reaffirmed their commitment to prudent management of the public finances". A significant majority of cabinet ministers, however, expects the budget to include a 1 percentage point cut in the basic income tax rate as the showpiece of a campaign for a general election likely to be held on April 9.

As senior ministers pressed Mr Lamont to reconcile the Treasury's insistence on fiscal prudence with the political imperative of tax cuts, Mr Chris Patten, the Conservative party chairman, repeated the government's commitment to balance the budget "over the economic cycle".

Labour to scrap Tory health reforms; Major's 'A team', Page 11
Heseltine's role, Page 17

Senate clears way for tough energy bill

By George Graham in Washington

CONGRESS is set to pass a new energy bill this spring after the Senate reached agreement on compromise legislation to stiffen energy efficiency standards, curb offshore drilling and promote natural gas use.

Environmentalists and energy industry advocates have been locked for months in a stalemate that prevented the bill's sponsor, Senator Bennett Johnston from the oil-producing state of Louisiana, from bringing it to the Senate floor.

But in a compromise, environmentalists agreed to drop their demand that carmakers must raise fuel efficiency on the vehicles they sell in exchange for abandonment of efforts to open up the Arctic National Wildlife Refuge in Alaska for oil and gas drilling.

The bill was passed 94-4 in the Senate. It was backed by Mr James Watkins, energy secretary, who said it was a "substantial milestone" containing "nothing we can't live with".

Similar legislation is expected to be moved by the House of Representatives energy committee in the next few weeks, paving the way for a bill to be enacted this year.

The Senate bill would:

● Impose new energy efficiency standards on most commercial and residential lamps and electric motors, saving an estimated $25bn (£14.3bn) in energy costs over the next 20 years.

● Promote alternative motor fuels by requiring private and public fleet operators to buy vehicles powered by electricity, solar cells, ethanol or natural gas. By the year 2000, 90 per cent of non-military federal vehicles will have to run on these fuels.

● Maintain the current ban on oil and gas drilling on the US Atlantic and Pacific coasts.

● Ease licensing rules for natural gas pipelines, making it easier for gas producers to reach new markets.

● Allow independent electricity generators to compete in the wholesale market.

Licensing rules for the construction of nuclear power plants would also be eased by the Senate bill, though this provision is still contested in the House.

Trade deficit narrows, Page 6

Ifo says the German recovery could start from mid-year

Continued from Page 1

exacerbate the task of monetary policy," he said.

In spite of Mr Issing's gloomy tone, the Ifo report tends to confirm the relatively relaxed Bundesbank attitude to overall economic growth."

Ifo says recession should be defined according to capacity utilisation in the economy, rather than changes in the rate of economic growth. On that basis, the high point of the current German cycle was reached in autumn 1990, when industrial capacity utilisation reached 90 per cent.

In spite of a gradual decline since then, the average capacity utilisation still stood at 86.8 per cent in December 1991, compared with levels below 80 per cent seen in previous German recessions.

As far as growth of real gross national product is concerned, the first quarter of 1991 saw an annualised growth of no less than 10 per cent, thanks to a mild winter and a sudden inflow of foreign capital. The contraction in the next two quarters was essentially a technical correction. Only in the last quarter was there a real slowdown, it says.

In Ifo's view, recovery depends on the world economy picking up from mid-year. That should coincide with a recovery in private consumer demand in west Germany, thanks to higher child allowances and the end of the "solidarity surcharge" on income tax to pay for unification.

The institute warns, however, that its own indices of business confidence, business expectations, and industrial orders all point to a more prolonged slowdown.

"Even if the panic-mongering with the codeword 'recession' is unjustified, more attention is still needed to be paid to the risks in the Germany economy," it concludes.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	11	52	Belgrade	C	1	34	Cape Town	S	30	86	Edinburgh	F	8	46	Inverness	F	9	48
Algiers	F	16	61	Berlin	F	2	36	Caracas	C	26	79	Faro	S	11	52	Islamabad	C	17	63
Amsterdam	F	5	41	Biarritz	S	8	46	Casablanca	C	14	57	Florence	S	6	43	Istanbul	F	2	36
Athens	F	7	45	Bombay	F	26	79	Chicago	C	1	34	Frankfurt	Sn	1	34	Jakarta	F	32	90
Bahrain	S	19	66	Bordeaux	S	5	41	Cologne	C	3	37	Geneva	S	-1	30	Jersey	S	4	39
Bangkok	F	34	93	Boulogne	C	5	41	Copenhagen	C	4	39	Gibraltar	C	11	52	Johannesburg	F	25	77
Barcelona	F	10	50	Brussels	C	4	39	Corfu	S	8	46	Glasgow	Dr	7	45	Lima	C	28	82
Beijing	S	6	43	Budapest	Sn	0	32	Dallas	S	5	41	Helsinki	S	-4	25	Lisbon	S	11	52
Beirut	C	12	54	Buenos Aires	F	34	93	Dublin	S	7	45	Hong Kong	F	16	61	London	C	5	41
Belfast	F	7	45	Cairo	F	16	61	Dubrovnik		–	–	Innsbruck	S	-2	28	Los Angeles	F	14	57

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Luxembourg	C	2	36	Miami	S	21	70	Nice	S	10	50	Salzburg	S	-2	28	Tenerife	C	18	64
Madeira	C	15	59	Milan	F	3	37	Nicosia	F	12	54	San Francisco	C	13	55	Tokyo	F	8	46
Madrid	F	6	43	Montreal	Sn	-3	27	Oporto	S	11	52	Seoul	S	2	36	Toronto	F	-3	27
Majorca	F	11	52	Moscow	Sn	-9	16	Oslo	F	1	34	Singapore	F	31	88	Tunis	R	11	52
Malaga	Dr	11	52	Munich	F	-1	30	Paris	S	4	39	Stockholm	S	1	34	Valencia	R	8	46
Malta	R	8	46	Nairobi	F	28	82	Prague	S	0	32	Strasbourg	S	2	36	Venice	S	5	41
Manchester	C	5	41	Naples	S	7	45	Reykjavik	C	-3	27	Sydney	S	25	77	Vienna	Sn	-1	30
Manila	F	33	91	Nassau	F	28	82	Rhodes	S	8	46	Taipei	R	13	55	Warsaw	F	-1	30
Melbourne	F	20	68	New Delhi	F	20	68	Rio de Janeiro	F	35	95	Tangier	C	10	50	Washington	F	8	46
Mexico City	C	20	68	New York	C	7	45	Rome	S	8	46	Tel Aviv	C	14	57	Zurich	S	-3	27

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

Lamont's chance to relax

It might have been more awkward for the government if yesterday's output figures had turned out to be slightly better, rather than worse, than expected. Voters would still not have been enjoying much of the feel-good factor, but the markets might have been less inclined to give the benefit of the doubt to a generous pre-election budget. As it is, the worse the economic news, the greater the apparent scope for vote-winning fiscal manoeuvre, even though the GDP figures, like last week's unemployment numbers, are a lagging indicator.

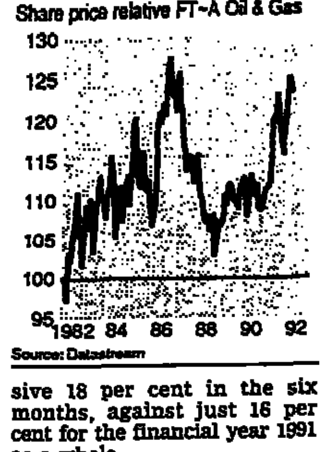
The consequence looks increasingly like a stimulus nearer to £4bn than to the £2bn which the City once expected, but that is not necessarily the way to restore sustainable growth. Were it not for the ERM, this objective would call for sharply lower interest rates to revive credit demand and arrest asset-price deflation. If fiscal policy has to be the main instrument, then it arguably makes more sense to target investment in productive capacity for the future rather than personal consumption.

The markets may be forgiving before the election, but will they remain so afterwards if Mr Norman Lamont does succumb to the temptation to woo the individual consumer? Admittedly an injection of £4bn would be no more than those of 1983 and 1987 in relative terms, and only half the Lawson boost of 1988. Yet almost forgotten by the electorate is the sizeable spending increase already announced in the Autumn Statement. Tilting the extra boost towards consumption could cause any recovery to run up quickly against renewed inflationary pressure and a rising trade deficit. The likely price is thus reduced scope for cutting interest rates down the road. But tight money and a looser fiscal policy would be convergence of a sort. The chancellor could even argue that he was still not as profligate as his German counterpart.

FT-SE Index: 2,543.4 (+6.7)

Shell

Share price relative FT-A Oil & Gas



Source: Datastream

Glaxo

The market was too quick to interpret yesterday's half-year figures from Glaxo as evidence that Zantac is faltering. Underlying growth of the ulcer drug was certainly down on the most recent 12-month period, but a buyers' strike in Italy and an obligatory Medicaid refund in the US exaggerated the trend. Even with these disappointments Glaxo's overall sales at constant exchange rates increased by an impressive 18 per cent in the six months, against just 16 per cent for the financial year 1991 as a whole.

Prospects for the new generation of Glaxo drugs are little clearer. The anti-emetic product Zofran looks like hitting £250m of sales for the full year, but the question remains whether it can be sold to treat other illnesses. The jury remains out on Imigran, which looks set to receive US approval this summer, and on scare-affected Serevent. Investors will take more encouragement from news that marketing expenses should fall as a proportion of sales, and that increases in R & D spending will in future mirror sales growth. Both developments are good for margins.

With perhaps one third of the equity now in US hands the key to the next share price move almost certainly lies on Wall Street. Comparisons may be pertinent with 1983, a year when the world economy was coming out of recession and Zantac won approval in the US. The first half then saw continued outperformance, though on the back of the sort of heavy US demand which nine years later may have run out of steam. The second half of 1983 saw a sharp underperformance, more than wiping out the relative gains of the first six months.

Redland/Steetley

Steetley's latest defence document is too backward-looking to pack a really powerful punch. There is, to be sure, plenty to snipe at in Redland's recent record – the disastrous excursion into plasterboard, an indifferent UK brick operation and a fondness for issuing new paper. But by knocking the highly successful German roof tile business, Braas, and Redland's proven financial engineering skills, Steetley is in danger of taking the insults too far. Moreover, as Redland underlined in a pre-emptive strike on Wednesday, Steetley's recent performance is nothing to be proud of either.

The real difference at this stage is that Steetley has little to say about the future. Redland certainly requires the bid to succeed, but this is not to say that its target would be better off on its own. The game is up unless Steetley, effectively denied its joint venture with Tarmac, can quickly conjure up an independent vision for the 1990s.

Shell

Judging by the 3 per cent share price fall that greeted Shell's annual results, the market was less than impressed with its 4 per cent dividend increase. BP would have liked to pay a more generous dividend, but was constrained by its weak balance sheet. Shell had no such excuse; another percentage point increase would have cost the group a mere £20m. Granted, the dividend is only 1.2 times covered by net income, but the cost of a more generous pay-out would have been marginal in the context of its enormous cash flow. It is a measure of the group's strength that its investment programme has so far been unaffected by the downturn.

The question is what message Shell intended to convey. Its statement on trading conditions was decidedly bearish, so the answer is probably that dividends will merely match inflation, at least until its chemicals and US businesses perk up.

More generally, the market is obviously thoroughly disenchanted with the oil sector. Shell shares have fallen by more than 12 per cent since mid-January. The mood can be partly explained by investors' belated realisation that oil companies are not the safe haven they were thought to be. In the last two recessions, the companies were protected by oil price increases which fostered the illusion that they were intrinsically defensive. This time, the weak oil price has exposed their cyclical nature. Shell shares may have further to fall before they fully reflect that perception, although a historic yield of 6.5 per cent looks about right. By the same token, when the cycle turns there should be big rewards. In 1988 Shell's chemicals division earned £1bn. Last year, it made £23m.

FINANCIAL TIMES
COMPANIES & MARKETS

Friday February 21 1992

INSIDE

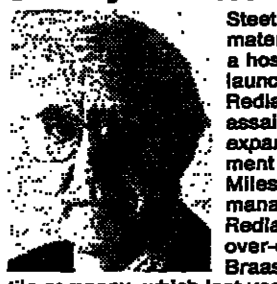
Astra pre-tax profits rise 36% to SKr3.4bn

Astra, Sweden's largest pharmaceutical company, has reported a 36 per cent growth in its 1991 pre-tax profit to SKr3.4bn ($571m) from SKr2.5bn for the previous year. Sales rose by a third over the same period to SKr12.5bn from SKr9.4bn. **Page 21**

Another round at Pebble Beach

The controversial Japanese owner of the Pebble Beach golf resort, one of the most famous courses in the US, has sold out to a consortium organised by Sumitomo Bank. Mr Minoru Isutani, who bought the course for around $1bn, has had to dispose of it for about half that price after failing to complete a scheme to fund the purchase by sales of memberships to wealthy Japanese. **Page 22**

Steetley launches attack



Steetley, the UK building materials group fighting a hostile bid, yesterday launched an attack on Redland questioning its assailant's overseas expansion and management record. Mr Richard Miles (left), Steetley's managing director, said Redland now looked over-dependent on Braas, the German roof tile company, which last year was thought to have contributed nearly half of group operating profits. **Page 26**

Thai Airways plans share issue

Thai Airways International plans to offer a first tranche of shares in the state-owned airline to the public between March 16 and 27, giving new life to the long-running controversy over the company's management and profitability. **Page 20**

Greek stream of information

Greek stockbrokers have made good use of their time since the Athens Stock Exchange went into decline last summer. Many brokerage houses set up research departments resulting for the first time in a stream of company information. "Investors were taking decisions on the basis of little more than hearsay. Now we can offer them real analysis," says one broker. **Back Page**

France Telecom to join alliance

France Telecom may soon join Syncordia, British Telecommunications' global alliance. The UK group was originally against the French state-owned company becoming a partner in the venture, which aims to provide multinational companies with comprehensive communications services. The terms of France Telecom's involvement remain to be finalised. **Page 25**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
AG Ind & Verk	705	+	15
Daimler-Benz	746	+	11.4
Fag Kugelfischr	251.5	+	6.5
IKB Deutsche	269	+	11
Rosenthal	285	+	11
Volkswagen	346.8	+	6.3
NEW YORK ($)			
Rises			
Delta	71⅛	+	1⅜
Federal Express	50⅞	+	2⅞
Intl Paper	77⅜	+	1⅞
Invacare	25¾	+	2½
Medici Care Intl	71½	+	4¼
United Tech	51⅞	+	1⅞
PARIS (FFr)			
Rises			
Axa	939	+	26
Cr Fonc France	985	+	53
Lafarge Coppee	355.1	+	15.6
Saint Gobain	537	+	24
Falls			
Gal Lafayette	1475	−	75
Printemps Au	860	−	47
TOKYO (Yen)			
Rises			
Akebono Brake	800	+	40
Hokuriku Seiyku	1500	+	150
Kojima Iron Wks	603	+	53
Nippon Zeon	570	+	35
Tamura Electric	1680	+	210
Toyoda Auto Lm	1610	+	100

New York prices at 12:30.

LONDON (Pence)			
Rises			
Colorgen	27½	+	3½
Gt Westn Res	24	+	6½
Green Prop	96	+	20
Hardy Oil	118	+	10
Headline Book	174	+	12
P & O Defd	402	+	10
Provident Fin	487	+	17
Rothmans B	1081	+	23
Standard Chrtd	449	+	13
Takare	192	+	9
Tilon Hldgs	109	+	6
Vinten	270	+	9
Yorks Chems	644	+	36
Falls			
Albert Fisher	63½	−	3½
Rank Org	681	−	22
Shell Trans	440	−	15
Trade Indmnty	40	−	7
Transfer Tech	389	−	14
Wace	113	−	12
Ward Hldgs	44	−	8

Toshiba warns of 58% profits fall

By Steven Butler in Tokyo

TOSHIBA yesterday became the latest Japanese electronics company to issue a sharply lower profits forecast for the current year ending next month, in response to the worsening market for semiconductors, computers and communication equipment.

Toshiba said consolidated pretax profits would be Y110bn, 58 per cent below last year, and 44 per cent below a forecast three months ago. Toshiba shares closed down Y27 at Y596 in Tokyo yesterday.

Toshiba has suffered from falling semiconductor prices, especially of the 4 megabyte D-Ram chip, and competition in laptop computers in Japan and the US.

Toshiba last week announced 150 redundancies at its Irvine, California, computer assembly plant and is abandoning the lower end of the US personal computer market, where it says it cannot offer competitively priced products.

In Japan, Toshiba has lost market share to NEC, which dominates the PC market, and to Apple Computer, whose sales have been growing strongly.

The Toshiba board is expected to cut capital spending next year by between 20 per cent and 30 per cent. Capital spending this year is budgeted at Y250bn.

Company officials are also deciding whether to cut the research and development budget, something they have avoided in the past. Toshiba is expected to spend Y280bn in the current year on R&D.

The company admitted it had expanded into too many areas in the past decade and said it would attempt to concentrate capital spending and research in strategically important sectors.

A cost-cutting programme introduced last April has been strengthened. Overtime is being cut at production facilities and workers are being sent home early in order to avoid accumulating exess inventories.

The company continues to be supported by demand for heavy electrical apparatus and home appliances. More than half Toshiba's sales, however, are in computers, telecommunications and electronic devices.

Consolidated sales at the company were expected to rise 3 per cent to Y4,820bn, while after-tax income was forecast to decline 67 per cent to Y40bn.

NEC and Fujitsu last week revised profits forecasts downward. Sony, the consumer electronics and entertainment group, said on Wednesday its parent corporation would post a full-year loss for the first time since it was listed on the Tokyo Stock Exchange in 1958.

Nestlé may launch counter bid for Exor

By Alice Rawsthorn in Paris

NESTLE, the Swiss food group, may consider mounting a counter bid to the Agnelli family's FFr5.6bn ($1.01bn) offer for Exor, the controlling shareholder in Perrier, the French mineral water company for which Nestlé is in the throes of a FFr13.42bn hostile bid.

Mr Reto Domeniconi, director general of Nestlé, said in Paris yesterday that his company had considered the feasibility of bidding for Exor, which controls 35 per cent of Perrier. Any bid would be made together with Banque Indosuez, the French bank, its partner in the bid for Perrier.

"The price offered by the Agnellis for Exor is relatively low and there is clearly room for another bid," he said. "So far we have decided against a counter-bid. But we can not exclude the possibility in the future."

The fight for Perrier, a bitter battle involving some of the best-known names in Europe's industrial establishment, has moved into the legal arena while the protagonists await the conclusion of two French court cases which will be critical in determining the outcome of Nestlé's bid.

The commercial court at Nîmes in southern France has since Tuesday been considering Nestlé's appeal to freeze the voting rights on the Perrier shares held by Exor and Société Générale, the French bank. Next Tuesday the Paris commercial court will begin a second case in which Nestlé is trying to annul the recent acquisition of 13.8 per cent of Perrier by Saint Louis, the French sugar company allied to the Agnellis.

Unless Nestlé wins at least one case, its hopes of seizing control of Perrier seem slight, given that the Agnelli/Exor camp controls nearly 49 per cent of the voting stock.

Mr Domeniconi said Nestlé was prepared to negotiate an amicable settlement over Perrier. He said he believed the Agnellis would be willing to negotiate, but that the boards of Perrier and Exor, both chaired by Mr Jacques Vincent, were not.

Legally, Nestlé would have to negotiate a settlement with the Perrier or Exor boards. Yesterday the Perrier board issued a formal statement rejecting the Swiss group's offer. All the directors voted for rejection apart from Mr Philippe Jaffré, president of Crédit Agricole, the French bank that owns 2.5 per cent of Perrier, which has announced its support for Nestlé.

Pharmaceuticals group announces 41% pay-out increase, reports **Paul Abrahams**

Glaxo rises 14% on sales growth

GLAXO, Europe's largest pharmaceuticals group, yesterday announced a 14 per cent rise in pre-tax profits from £623m to £709m ($1.24bn) and a 41 per cent dividend increase.

Sales exceeded analysts' expectations as they increased 24 per cent from £1.59bn to £1.97bn. At constant exchange rates, sales rose 18 per cent.

Dr Ernest Mario, Glaxo's deputy chairman, said only 1 per cent of the growth in turnover was generated by price increases. This meant increasing pressure from governments worldwide to reduce pharmaceutical prices was irrelevant for the company, he explained.

Sales of Zantac, the anti-ulcer drug and the world's best-selling pharmaceutical, grew by only 6 per cent at constant exchange rates.

Dr Mario explained US sales had been affected by providing discounts worth $55m (£31.5m) to Medicaid during the first half of the year. During the second half of this year, it will offer discounts worth about $60m, but this will not have a great effect on the results as Glaxo had given about $50m worth over the same period last year, explained Dr Mario.

Analysts said Zantac sales should pick up over the second half of the year, but in the longer term revenues from the drug were likely to slow.

Sales of Glaxo's new generation drugs accounted for 8 per cent of the group's revenues. These included Zofran, the anti-emesis drug which had sales of £120m and which the company expects to generate at least £250m by the year end; Imigran, a new migraine drug which generated sales of £13m; and Serevent, an asthma drug with sales of £9m.

Revenues from Serevent had been held up by worries about the drug's safety.

Mr Ian White, pharmaceuticals analyst at Kleinwort Benson, said: "There's not really enough evidence to be really confident that the new potential block-buster drugs will provide the necessary revenue streams to take over from Zantac when its patents expire.

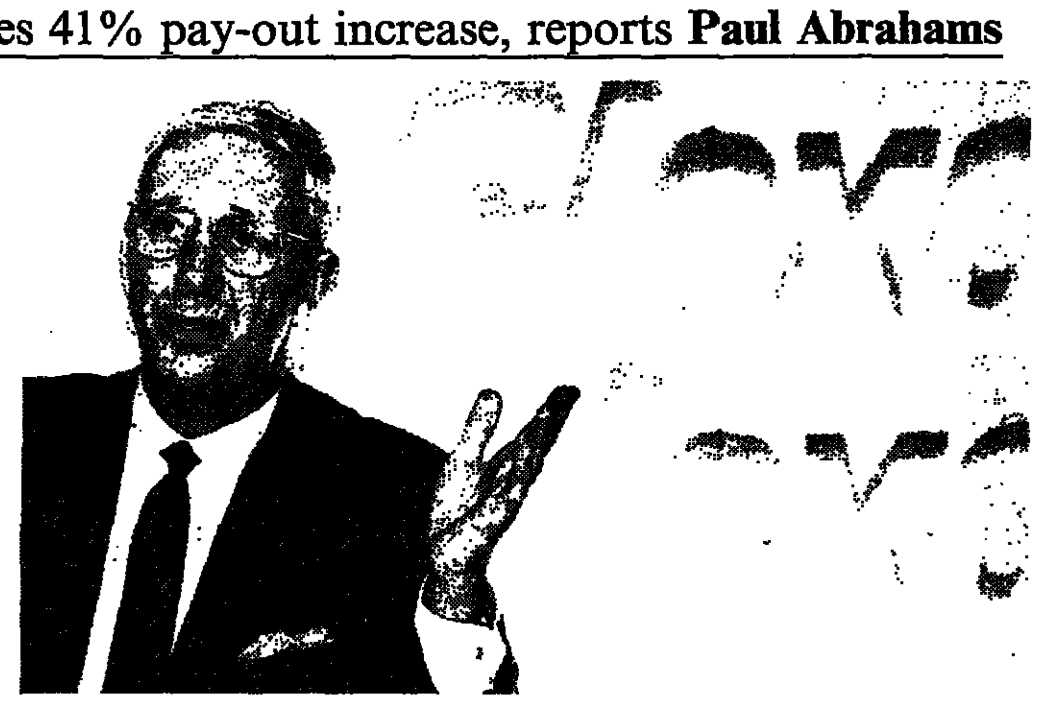
"We should know whether there is another drug on the scale of Zantac within the next 12 months."

Earnings per share increased 14 per cent from 14.6p to 16.7p. Earnings per ADR increased 4 per cent from $0.56 to $0.58. The ADR earnings were affected by the strengthening of the dollar. Sterling's value averaged $1.71 during the first half of the year, compared with $1.91 for the same period last year.

The board recommended a dividend of 6p (4.25p). Dr Mario said the dividend increase had been motivated by a desire to ensure the gap between the final and interim dividends was not too large.

Glaxo's shares closed down 10p at 816p.

Lex, Page 18; Astra results, Page 21



Picture: Tony Andrews

Dr Ernest Mario, deputy chairman, wanted to ensure gap between dividends was not too large

Allianz in rights issue to raise DM1bn

By David Waller in Frankfurt

ALLIANZ, Europe's largest insurance company, is planning to raise more than DM1bn ($604m) through a rights issue of new shares and profit-participating certificates.

This is the Munich-based company's first capital-raising exercise since October 1990. It mostly reflects the costs of expansion into eastern Germany via the acquisition of Deutsche Versicherungs, the loss-making former east German state monopoly.

Allianz said the issue would ensure its capital base expanded to keep pace with increasing business volume, and the proceeds would help meet the investment needed to integrate and develop Deutsche Versicherungs.

This follows the agreement in December last year to buy the 49 per cent of the east German operation which it did not already own.

In April, shareholders will be offered one new share for every 12 they already have at a price of DM700 a share, which compares with a closing price of DM2,306 yesterday, bringing in DM975m for the company.

Holders of profit-participating certificates will be offered new ones at the same 1-for-12 basis. The overall sum raised will be DM1.06bn.

In December, Allianz agreed to pay the Treuhand privatisation agency DM440m for the outstanding 49 per stake in Deutsche Versicherungs.

This was significantly more than the DM270.7m it paid for the first 51 per cent in June 1990, and more than Allianz had indicated that it wanted to pay in the light of heavy losses.

At the time, analysts said Allianz was paying a "political premium" for the right to acquire control over the former monopoly business.

Although the acquisition has brought Allianz premium income of some DM1.8bn a year, Deutsche Versicherungs is unlikely to break even until 1995-96, by which time it is likely to have built up cumulative losses of DM1bn.

Premium income is expected to grow to between DM3bn and DM3.5bn by 1995-96.

At the moment, Allianz is thought to be losing DM30 for every DM100 premiums received.

Last October, Allianz warned that losses in the east would mean that for 1991 it would register its first-ever group loss on mainstream underwriting business.

ICL takes control of Fujitsu operations in joint ventures

By Alan Cane in London

FUJITSU operations in the US and Europe will come under the direct control of ICL, the Japanese electronics group's UK-based subsidiary, when the two companies establish three joint ventures later this year.

The move, the result of an ICL initiative, marks a deepening of the trust between the two companies which began with a technology agreement in 1981 and progressed to Fujitsu taking an 80 per cent stake in ICL in 1990.

Establishment of the new companies is also being interpreted as a way of underlining ICL's managerial independence from its majority shareholder as it moves towards flotation on the London market.

Fujitsu is expected to reduce its shareholding to 51 per cent within three years as a result of the flotation; ICL is expected to announce its choice of bankers and financial advisers this quarter.

Fujitsu and ICL are planning to launch on April 1 this year:

- Fujitsu-ICL Systems in North America. The company will be owned 80 per cent by ICL, 20 per cent by Fujitsu and will be under ICL's management. It will comprise ICL's existing North and South American retail systems business and Fujitsu's retail systems, automated teller machines and hand-held terminals operations together with Fujitsu's customer service business.

The company, based in Dallas, will have about 2,000 employees and sales of $350m. ICL Inc, the separate US operation, will continue to sell industry standard systems to legal and federal government customers.

- Fujitsu Systems Business – Europe. The Bracknell-based company, which will be wholly-owned by ICL and under ICL's control, will support European customers for Fujitsu's large mainframes and supercomputers. Most of these are subsidiaries of Japanese companies.
- Fujitsu Australia, under Fujitsu management, will combine all that region's operations of Fujitsu and ICL.

Fujitsu will have 80 per cent of the equity and it will have a turnover of about $300m. There will be about 1,900 employees.

ICL has worldwide revenues of about $4bn and has been the only consistently profitable European computer manufacturer over the past few years. Fujitsu's sales now total more than $21bn making it second to IBM among information technology companies.

Royal Dutch raises dividend by 4%

By Deborah Hargreaves in London

ROYAL Dutch Shell group, the Anglo-Dutch oil company, disappointed the City yesterday when it increased its dividend by 4 per cent from 20.9p from 20.1p, just below the rate of inflation, after reporting a slight drop in profits for last year.

The company's shares lost 15p to 440p as many traders compared the increase with British Petroleum's move to raise its dividend 4.7 per cent, given Shell's much stronger cash position.

Sir Peter Holmes, Shell's chairman said: "Inevitably, if times are hard, the dividend may be shaved a bit, but our long-term objective is to keep up with inflation in real terms." He stressed that the company's dividend had grown in real terms by 75 per cent over the last 10 years.

Shell reported a 4 per cent drop in its profit for 1991 to £2.89bn ($5.05bn) on a replacement cost basis which strips out the effects of stockholding gains and losses. On an historical cost basis, profit dropped by 33 per cent to £2.4bn reflecting the fact that 1990 results were buoyed by stock gains.

Sir Peter said 1991 had been a "mediocre" year with a "disappointing" fourth quarter. But he said he was not pessimistic for this year since he believed measures taken at Shell Oil, the company's US subsidiary, should lead to a gradual improvement in North American results.

In addition, "chemicals have probably started to bottom out and should start to improve this year".

Sir Peter said he thought oil prices would remain in the range of $15 to $22 a barrel for the rest of the year. The company's investments had all been tested against a "challengingly low" oil price, he said.

Mr Nick Antill, oil analyst at Hoare Govett was sanguine about Shell's prospects in spite of downgrading his profit forecast for this year to £2.45bn from £2.6bn on the basis of last year's results.

"Shell has kept its balance sheet intact and gives the impression of a company that is growing – on the operational side – through the recession," he said.

The company's refining and marketing division showed record profits after extremely high refining margins during the Gulf war lifted income for the full year.

At the same time, crude oil production increased by 10 per cent to 2.1m barrels a day for the full year.

Lex, Page 18; Details, Page 26

Placer Dome posts $236m shortfall

By Robert Gibbens in Montreal

PLACER Dome, one of North America's two biggest gold producers, has posted a *final 1991* loss of $236.2m, or $1 a share.

This follows previously-announced writedowns totalling $294.7m on its investments in the Mt Milligan hopper-gold property in British Columbia and in smaller gold properties across Canada. The Mt Milligan special charge alone was $195.7m.

In 1990, Placer, which has changed to US dollar accounting because of its global operations, reported profits of $164.6m, or 70 cents a share.

Sales in 1991 were $968m, up 4 per cent from 1990.

The fourth-quarter final loss, including writedowns, was $283.1m, against a loss of $7.6m a year earlier on sales of $277m, compared with $247m.

The 1991 profits from continuing operations before writedowns was $58.5m, against $103.5m last time, due mainly to lower prices.

Average realised price for gold in 1991 was $399 per ounce, taking into account forward contracts. Gold output was 1.68m ounces, including 276,200 oz from the first full year of Porgera in Papua New Guinea and 32,000 oz from La Coipa in Chile, which started on October 1.

Average cash production cost was $223 per oz, against $232 per oz, because of low-cost Porgera and La Coipa.

Navistar reports deficit of $32m in first quarter

By Martin Dickson in New York

NAVISTAR, the leading North American manufacturer of medium and heavy trucks, yesterday reported a first-quarter net loss of $32m and said it also expected to be in the red in the second quarter.

The group, which has been hit hard by weak demand for trucks due to the US recession, said its loss worked through at 16 cents a share.

This compared with a net loss of $38m, or 18 cents a share, in the first quarter of last year. Sales and revenues totalled $902m, up 7 per cent.

Truck shipments totalled 17,100 units, up 3 per cent, mainly because of higher shipments of school-bus chassis to customers who normally took delivery later in the year.

Shipments of medium-range diesel engines to original equipment manufacturers increased 11 per cent, reflecting higher retail demand for diesel powered trucks and vans.

Navistar said it had increased its share of the North American retail market for medium and heavy trucks to 28.1 per cent, from 26.5 per cent in the first quarter of last year.

The industry sales of medium and heavy trucks fell 9 per cent from a year earlier to 52,800 units.

Mr James Cotting, chairman, said Navistar's margins had improved slightly from the 1991 first quarter because of the additional sales volume and the impact of a cost reduction programme.

He expected a moderate strengthening of the US economy as the year progressed, but at current demand levels expected a second-quarter loss.

Harley-Davidson shares leap

By Karen Zagor in New York

SHARES in Harley-Davidson, the only US motorcycle manufacturer, soared yesterday after the company turned in a 22 per cent increase in fourth-quarter sales.

Although Harley's fourth-quarter operating profits slid 2 per cent to $13m from $13.2m in 1990, lower interest and other expenses helped the company's underlying pre-tax earnings soar 289 per cent to $10.7m from $3.7m.

Net income in the 1991 fourth quarter was $7.3m, or 41 cents a share, on sales of $237.7m, against earnings of $3.9m, or 22 cents, on sales of $194.3m a year earlier. Motorcycle and related product sales surged 29 per cent in the 1991 quarter.

On Wall Street, Harley's stock added $5⅝ to $53⅞ at midday.

Harley, the sole survivor of the 143 US companies which once made motorcycles, has overcome Japanese competition to regain the top spot in the big motorcycle market. It now commands about 61 per cent of the 850cc class.

Harley shipped 68,626 motorcycles in 1991, up 10 per cent from 1990, with most of the growth coming in the fourth quarter when they climbed 31 per cent to 18,839.

For the whole of 1991, operating profits fell 18 per cent to $68.6m from $83.4m, while earnings before tax and extraordinary items slowed to $58.1m from $62.6m.

Net income for the year was $37m, or $2.08, against $37.8m, or $2.12. Sales grew 9 per cent to $939.9m from $864.6m.

Mr Ronald Glantz, an analyst at Dean Witter Reynolds, was disappointed by Harley's flat underlying fourth-quarter earnings on strong sales, but he remained bullish about Harley's prospects. "What other consumer durable company is making money and apologising to dealers for not being able to meet demand?" he said.

In the 1991 quarter, Holiday Rambler sales rose 19 per cent to $51m. The improvement, however, was led by lower margin vehicles and the business suffered a greater operating loss of $6.9m, against $1.9m in the 1990 quarter.

Levi Strauss advances 42%

LEVI Strauss, the privately-held but largest apparel-maker in the world, yesterday reported after-tax profits of $356.7m for the year to November 24 – a 42 per cent advance on the previous 12 months, writes Nikki Tait in New York. Operating profits, however, increased by a more modest 15 per cent to $772.2m.

In the fourth quarter alone, net profits rose by 40 per cent, to $105.5m, while operating profits rose 12 per cent at $208.4m. Sales for the year were $4.9bn, against $4.25bn.

Transamerica falls into the red

By Nikki Tait

TRANSAMERICA, the San Francisco-based financial services group which holds a 25 per cent stake in Britain's Sedgwick Group, yesterday reported an after-tax loss of $77.5m in the final three months of 1991 – compared with $28.7m profit a year earlier.

The company blamed the loss on its commercial lending division, where it took a previously-announced special charge. This reflected "the decision to substantially reduce lending to certain industries and to aggressively liquidate receivables from previously sold businesses".

Commercial lending contributed a $154m operating loss for the three-month period.

Both life insurance and property-casualty operations produced improved figures, and insurance interests overall made a $60.7m operating profit, against $56.3m in the fourth quarter of 1990.

Consumer lending profits nudged up from $24.7m to $25.2m, but leasing slumped from $19m to $15.5m.

For 1991 overall, net profits were $50.1m, down sharply from 1990's $266.3m.

The loss from commercial lending, at the operating level, was $217m. However, the company said it expected Transamerica Commercial Finance Company to be profitable in 1992, and for the group overall to achieve "a strong consolidated earnings performance."

Transamerica shares eased $⅝ to $40⅝.

Northrop moves ahead at operating level

By Nikki Tait in New York

NORTHROP, the US defence contractor which is heavily dependent on the B-2 Stealth bomber programme, has reported after-tax profits of $200.8m for 1991 – a little lower than the $210.4m seen in the previous year.

However, comparisons between the two years are somewhat misleading. The 1990 figure included a $67.1m after-tax gain from the sale of the company's headquarters complex, while the 1991 results are depressed by about $4m by accounting changes.

At the operating profit level, Los Angeles-based Northrop reported $474.2m, compared with $346.3m in the previous 12 months.

The company said profits were higher in the aircraft and the missiles and unmanned vehicle systems divisions, but fell in the electronics business segment, where the result was affected by the cost of settling legal and product disputes.

Sales for the year reached $5.69bn, up by 3.7 per cent on 1990.

In the fourth quarter alone, net profits jumped to $42.7m to $158.5m, with sales totalling $1.57bn against $1.52bn.

IBM loses top executive to Hughes Aircraft

By Louise Kehoe in San Francisco

ONE of International Business Machines' top executives, Mr Michael Armstrong, is to leave the company at the end of the month to be chairman and chief executive of Hughes Aircraft. He will succeed Mr Malcolm Currie, who is retiring.

His departure from IBM comes as a surprise. He was considered to be a potential successor to Mr John Akers, 57, who is expected to retire from the chairmanship in about three years.

Mr Armstrong, 53, has been at IBM for 31 years. For the past three years he has headed the computer company's international operations, a post he took over after serving as director-general of European operations.

He was chairman of IBM World Trade and a member of the company's five-man management committee and its corporate management board.

Mr Armstrong is joining Hughes Aircraft as the defence electronics company begins a drive to increase its commercial business and so become less dependent on defence contracts, which represent about 70 per cent of its revenues.

Hughes, which produces missiles, telecommunications satellites and radar equipment for the military, posted 1990 revenues of $7.8bn, and is expecting 1991 revenues of about $8bn.

Phillips to sell 49% of gas unit

GPM Gas, a subsidiary of Phillips Petroleum of the US, is to make an initial public offering of up to 18.36m shares, Reuter reports from Washington.

The offering constitutes 51 per cent of Phillips' stake, leaving it with a 49 per cent stake in the offshoot.

Proceeds will be used by GPM to repay about $200m of $600m debt owed to Phillips.

Mayne Nickless hit by poor trading conditions

By Kevin Brown in Sydney

MAYNE Nickless, the Australian transport, security and medical group, yesterday blamed difficult trading conditions for a disappointing 0.7 per cent increase in equity accounted *net profits to A$52m* (US$40m) for the six months to end-December.

However, profits increased to A$108m after taking account of an abnormal gain on the disposal in September of the group's 11.8 per cent holding in Amcor, an Australian packaging manufacturer.

Sales revenue fell 2.2 per cent to A$1.4bn, largely reflecting the Amcor sale, but was 9.4 per cent higher on a consolidated basis.

Mayne said the result was "a creditable outcome in a continuing recessionary environment where trading conditions have been tight in many of the company's major markets."

Mayne also announced a one-for-five rights issue to raise A$322m.

The directors said that the capital injection would strengthen the company's balance sheet and enable it to expand its core activities "as opportunities arise."

Mayne is a big investor in the Optus Communications consortium which has been awarded a licence to operate Australia's second telecommunications network.

The company has also bought several small transport businesses in Europe over the past year, and is believed to be seeking further acquisitions to expand its express freight network.

In addition, its healthcare division has built a substantial private hospital business in recent years through the acquisition of a number of healthcare businesses, including Hospital Corporation of Australia and the Sacred Heart hospital in Melbourne.

Mayne said the outlook was bright for its transport and security businesses in Europe and North America. European profits increased by 195 per cent during the six months, due to an improved performance by Parceline, the *group's UK express freight carrier*.

North American profits fell by 11 per cent, primarily because of a strike which affected the operations of the group's Loomis Courier express freight carrier in eastern Canada.

Mayne said its healthcare, security and logistics management businesses were expected to perform strongly in the second half, but the contribution from express freight activities was likely to remain flat until the economy emerges from recession.

The directors declared an unchanged interim dividend of 17.5 cents, fully franked.

The group's shares closed 6 cents lower on the Australian Stock Exchange at A$7.88.

Slack sales at Japanese breweries

By Emiko Terazono in Tokyo

ASAHI Breweries and Sapporo Breweries, respectively Japan's second and third largest beer companies, posted small rises in parent company profits for 1991, due to slack beer sales.

Since the success of Asahi's dry beer it has enjoyed a steady rise in sales, but the recent stagnation of the dry beer boom and the company's failure to introduce a new 'hit' beer stunted its earnings growth.

Asahi's non-consolidated net profits rose 1.6 per cent to Y6.2bn (US$48.4m), while pre-tax profits rose 1.2 per cent to Y17.4bn. Sales gained 1.1 per cent to Y739.1bn, and the annual dividend is being maintained at Y8 a share.

Meanwhile, Sapporo Breweries' non-consolidated net profits edged ahead to Y4.07bn from Y4.01bn in 1990, although sales improved more than Asahi's with a rise of 8.2 per cent to Y533.29bn from Y492.63bn. Sapporo's pre-tax profits advanced 7.5 per cent to Y9.06bn from Y8.43bn and it is holding its annual dividend at Y5 per share.

Asahi's beer sales, which account for 83.1 per cent of its total sales rose 2.8 per cent. Sales of its mainstay, Super Dry, fell 10 per cent and sales of its new "Z" beer remained at 20m cases, failing to reach the original target of 30m. Asahi's problems started in 1990, when a premium-priced luxury beer launched by Kirin Brewery, the industry leader, arrived on the market.

For the current year, Asahi expects a 0.3 per cent rise in pre-tax profit to Y17.5bn on an 8.2 per cent increase in sales. The company projects rising personnel, distribution and other costs, in addition to a deteriorating balance on financial items due to increased borrowings for plant and equipment investment which will squeeze profits.

Sapporo expects a 10.6 per cent rise in parent net profits to Y4.5bn in 1992, on sales 6.9 per cent ahead at Y570bn.

Buoyant Hang Seng soars 28%

By Simon Holberton in Hong Kong

HANG SENG BANK, the 61 per cent subsidiary of Hongkong and Shanghai Bank, yesterday reported a 28.5 per cent rise in 1991 net profits to HK$2.8bn (US$363.6m) from HK$1.18bn in 1990.

Sir Q. W. Lee, chairman, said he was "conservatively optimistic" about the prospects for 1992. He said 1991 had been a very good year for banks in Hong Kong. Two weeks ago, the Bank of East Asia reported a 30 per cent growth in 1991 earnings.

In common with all banks in the colony, Hang Seng's was *struck after an unknown transfer* to "inner reserves". Variations in the amount transferred – or, indeed, drawn down if the year is poor – allow the colony's banks great latitude in the profits they declare.

However, analysts said that Hang Seng's results boded well for Hongkong Bank. Already, Hongkong Bank has published results for it US subsidiary which show a halving in losses and now Hang Seng has reported a near 30 per cent growth in earnings.

Mr John Mulchay, head of research at Peregrine, a local brokerage, said he expected the Hongkong Bank to report earnings of about HK$4.6bn – up nearly 50 per cent on 1990's *HK$3bn, but still* less than the bank's record of HK$4.7bn in 1989.

He pointed out that banks in Hong Kong had their margins on mortgage lending boosted by 10 per cent last June after the government decided not to lower home lending rates when it cut deposit rates at that time. This margin still exists today.

"Underlying growth in bank profits last year has been significant," he said.

"They are suffering an embarrassment of riches, and I suspect their transfers to inner reserves have been substantial."

Hang Seng, whose earnings rise was in line with market expectations, surprised with a *one-for-four bonus issue*. It declared a 75 cents final dividend, making HK$1.25 for the year – up 25 per cent on 1990's pay out.

Sheraton to lease hotels from rival

By Martin Dickson

SHERATON, the hotels *subsidiary of US conglomerate* ITT, is to buy or lease eight hotels from Marriott Corporation, a rival American lodging chain, in a deal worth about $160m which will give Sheraton a presence in Paris.

Sheraton is purchasing the Prince de Galles, a 170-room hotel in central Paris, as well as buying five and leasing two all-suite hotels in the US. The US acquisitions will triple its presence in the growing suites market.

The deal is a further significant expansion for Sheraton, which, backed by ITT's strong *balance sheet, has spent some* $1bn over the past few years on renovating and acquiring properties in the US.

Mr Robert Bowman, executive vice-president of the chain, hinted yesterday that the deal could be the forerunner of other international acquisitions.

"Current market conditions," he said, "will allow the company to pursue further expansion possibilities throughout our worldwide network."

For highly-indebted Marriott, the deal represents an opportu*nity to reduce its borrowings*. Last December, Marriott said it planned to raise about $220m within 60 days through a variety of trans actions.

● Caesars World, the US gaming and hotels group, attributed improved second-quarter results to increased casino revenue from all three of the company's casino/hotels, AP-DJ reports.

Net income in the quarter jumped to $23.1m from $4m last time on revenues which rose to $253.5m from $208m last time.

Surprise at Thai Airways price tag

Victor Mallet on the airline's plans to sell a tranche of shares

THAI Airways International, the state-owned airline run by senior air force officers, has announced plans to offer a first tranche of shares to the public between March 16 and 27, giving new life to the long-running controversy over Thai's management and profitability.

Thailand is selling 95m shares, or about 7 per cent of the company, at Bt60 each, valuing the airline at Bt82.62bn ($3.2bn). A further 5m shares will go to Thai's employees at the par value of Bt10. The shares, already listed on the Stock Exchange of Thailand (SET) but 99 per cent held by the Finance Ministry, are due to begin trading on May 20.

Details of the offer have yet to be finalised, but the airline has drawn up plans to sell 40m shares to some 200,000 small investors through commercial banks, and a series of "roadshows" will be launched next month to publicise the stock offer. A further 15m shares will be set aside for foreign financial institutions buying through brokers in Thailand, with the rest reserved for Thai institutions and securities companies.

As is so often with initial public offerings in Thailand, brokers are in a dilemma. They have grave doubts about Thai's profitability and have expressed surprise at the Bt60 price. It gives a prospective 1992 price/earnings ratio of 16.2, which looks expensive alongside the much lower p/e ratios of better-run competitors such as Cathay Pacific and Singapore Airlines.

But the brokers are also aware that Thai will account for such a large share of the *SET index that it will be difficult* for institutional investors to ignore, and they know that local punters have a habit of driving up the price of shares on the grey market and in the first days of trading. "There's going to be fist-fights," said one broker, assuming that shares to small investors would be sold on a first-come, first-served basis, "but fist-fights push up prices in the grey market."

Critics in Thailand *say the* airline is poorly managed by the air force officers who have made it their fiefdom. Travellers complain of delayed or cancelled flights, and Thai has been accused of deliberately neglecting profitable routes to IndoChina for the benefit of "rival" local airlines with links to the military. There are doubts as to whether it is receiving cost-effective services from all its suppliers.

Thai's first-quarter results for the 1991-92 financial year were disappointing, casting doubt on the company's rosy projections for the three years to 1994, and last year's Bt5.09bn pre-tax profit was massaged ahead of the share flotation by the inclusion of more than Bt2bn from the sale of four Airbuses which were *promptly leased back*.

Air Chief Marshal Kaset Rojananil, Thai's chairman and the head of the air force, rejects criticism of the high p/e ratio implicit in the offer price. "Thai's huge assets and its goodwill should be taken into account," he said. "Moreover, Thai is a state enterprise which has backing from the Thai government."

More pertinent for foreign *investors is the fact that Thai's* less-than-sparkling management record gives it the sort of scope for improvement not available to its competitors in Singapore and Hong Kong. "It has tremendous upside potential," said one broker. "There is great room for margin appreciation."

Bangkok has the advantage of a substantial domestic and regional hinterland in a fast-growing market, and its profits could probably be rapidly increased by eliminating corruption, cutting unprofitable domestic routes or raising prices on them, and by negotiating the regional traffic rights which are its due.

It is not yet clear if Thai will be able to grasp the opportunities at hand. The Finance Ministry is said to be anxious to proceed with the offer of the first 100m shares before a new – and possibly corrupt – government takes over following the March 22 elections, and a further 200m shares are expected to follow within months. Even then, nearly four-fifths of the company will be in government hands.

Serious investors will hope the trading of Thai shares on the SET and the need for foreign financing will make the airline's accounts more transparent and its management more answerable to the needs of shareholders. But, in the short term, the speculators will hold sway. As one broker put it: "We see very little fundamental justification to invest in Thai. But so what? Clients should buy every share that comes their way."

Liquidator secures £237m at Maxwell pensions unit

By Andrew Jack in London

ACCOUNTANTS unravelling the pension fund transfers of Bishopsgate Investment Management, the pensions vehicle at the centre of the collapsed Maxwell empire, have safeguarded £237m ($414.8m) of the estimated £695m in assets it held.

Mr Neil Cooper, a partner with Robson Rhodes, appointed provisional liquidator to BIM in December, yesterday made the first public statement on his investigation.

He said he had traced and secured £237m of assets. Another £217m has been given to third parties as security for loans to other companies in the Maxwell empire. A further £239m has been liquidated and the balance transferred to other Maxwell companies. The remaining assets untraced are estimated at £2m.

He estimated that the total value of the assets managed by BIM would now total about £695m. The figure is lower than some previous estimates because it has been revalued in the last few days to reflect their current market values.

The announcement comes now that the Robson Rhodes team believes it has identified nearly all of the BIM assets. Mr Cooper said he had not released any information about the investigation until now "to avoid causing undue hardship to pensioners".

The £217m transferred to other parties, which includes collateral handed to banks against loans to Maxwell companies, is likely to generate a protracted series of lawsuits to determine the true ownership of the assets.

He said the £239m in assets which had been liquidated and transferred to other Maxwell companies was unlikely to be recovered. This will depend on the outcome of the administration of the different parts of the group.

An estimated £111m of the safeguarded assets belong to the Common Investment Fund, which contained the assets of the pension funds of six Maxwell companies and should have totalled £411m.

The remaining £126m recovered belonged to pension funds in their own names.

Mannesmann warns of decline

By David Waller in London

MANNESMANN, the German steel and engineering group, yesterday reported a 1 per cent improvement in group sales to DM24.1bn ($14.6bn) and said profits for 1991 did not reach the same level as in the previous year.

It gave no indication of the scale of the profits fall, saying only that the group had suffered from the impact of weaker economic conditions worldwide on the demand for capital goods and because of the costs associated with the development of its D2 mobile telephone network – estimated by some brokers to be as much as DM350m last year.

The statement was the latest in a series of gloomy announcements from the company, which reported a 27 per cent drop in after-tax profits after six months of 1991 and a further fall after nine months. Analysts expect earnings per share to fall to DM16 in 1991 from DM25.5 in 1990, when net profit was DM464m.

The group blamed the profits fall on the costs of developing the D2 system, plus the effects of a general fall in demand for mechanical engineering products (which hit the Rexroth hydraulics and linear motion engineering in particular) and development costs in its auto-components subsidiary.

It said profits actually rose at the parent company level (again by an unquantified amount) and that orders for 1991 at DM25.29bn were virtually the same as in the previous year.

Cartel office to approve AGF's stake in AMB

THE German cartel office is to approve a holding of 25 per cent plus one share by French insurer Assurance Générales de France (AGF) in German financial holding company Aachener und Münchener Beteiligungs (AMB), AP-DJ reports from Berlin.

AGF this week filed suit against AMB's management, which it accuses of blocking AGF from exercising full voting rights in the German company. State-controlled AGF built up the share in AMB without AMB's consent.

Acquisitions behind 26% profits rise at Hagemeyer

By Ronald van de Krol in Amsterdam

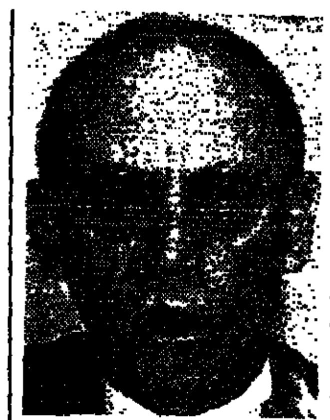
HAGEMEYER, the Netherlands-based international trading company, posted a 26 per cent increase in net profit to Fl 85.2m ($45.8m) in 1991. The dividend is to be increased by the same percentage to Fl 5.68 from Fl 4.52 in 1990.

Sales were up nearly 18 per cent at Fl 2.96bn last year and are expected to show a further rise to around Fl 3.5bn in 1992.

Hagemeyer, which is 60 per cent owned by the Hong Kong investment company First Pacific, attributed the rise mainly to acquisitions, including its purchase in late 1991 of a 60 per cent stake in Fröschl, one of Germany's largest electro-technical wholesalers.

Growth of existing businesses was just under 2 per cent, reflecting slower economic growth in Australia and setbacks on the German market for consumer electronics. If these two areas are disregarded, organic growth totalled around 5 per cent.

For 1992, Hagemeyer forecasts further profits growth.



Daimler Benz makes steady progress

By David Waller

DAIMLER BENZ, Germany's largest industrial company, boosted total sales by 11 per cent to DM94.66bn last year and said net profits for 1991 would be higher than 1990's DM1.79bn ($1.08bn).

The profit increase will be achieved after undisclosed but substantial restructuring costs associated with the company's decision to close down the AEG Olympia typewriter and office equipment market in Wilhelmshaven with the loss of 1,300 jobs.

The increase was not unexpected but the announcement yesterday was taken by analysts as confirmation that 1991 will prove to be a turning point for the group and its chairman, Mr Edzard Reuter (pictured above), after four years in which earnings dropped by one-third despite an ambitious acquisitions programme.

The impetus for the growth last year came from what the company called an "extraordinary boom" in its domestic German market, with a 25 per cent rise in new car sales at the Mercedes Benz automobile subsidiary and a 30 per cent increase in commercial vehicle sales, reflecting buoyant demand from the eastern part of Germany.

Demand overseas was weak with sales falling 3 per cent in other European Community countries and by 25 per cent in the US.

Mercedes Benz reported sales for the whole of 1991 up 12 per cent to DM66.71bn.

Norsk Hydro slides into the red and cuts payout

By Karen Fossli in Oslo

NORSK HYDRO, Norway's biggest stock-listed company, slid into a net loss of NKr498m ($77.2m) in 1991 from a profit a year earlier of NKr2.9bn, the company reported yesterday. Hydro's poor result was due to a non-recurring NKr2.9bn charge against accounts for the restructuring of its agriculture and magnesium divisions. In 1990, the company charged NKr200m against accounts for restructuring.

Local analysts had expected Hydro to incur net losses of between NKr400m and NKr500m. The company is cutting its dividend from NKr4.25 to NKr3.50 a share.

Operating revenue was little changed at NKr61.4bn against NKr60.9bn, and operating income fell sharply to NKr922m from NKr5.7bn. "All of Hydro's activities showed a weaker operating income in 1991 than in 1990 – even before taking 1991 restructuring charges into account – due mainly to weak demand and lower product prices," the company explained.

In the final quarter, Hydro made a net loss of NKr1.53bn, against a profit of NKr1bn in 1990. The fourth-quarter operating loss was NKr2.08bn, in contrast to profits of NKr2.1bn a year earlier.

Hydro said its agriculture division would achieve an annual cost reduction of NKr800m from restructuring, while efficiency efforts in other divisions are expected cut total annual costs by NKr1.5bn "gradually" during the next couple of years.

Our most cyclical businesses – aluminium and petrochemicals – are holding up much better than in previous recessionary periods," said Mr Egil Myklebust, Norsk Hydro's president.

On a divisional breakdown, agriculture slid into a net operating loss of NKr649m from a profit of NKr1.29bn. Oil and gas, the group's best performer, saw operating income fall by NKr823m to NKr2.49bn.

Light metals made an operating loss of NKr1.18bn against a profit of NKr1.28bn. Petrochemicals saw operating profits fall to NKr432m from Nkr1.01bn.

Fokus Bank's deficit doubled

By Karen Fossli

FOKUS BANK, Norway's third biggest commercial bank, yesterday revealed a 1991 net loss almost doubled to NKr2.1bn ($325.6m), from NKr1.15bn a year earlier, and said credit losses in 1992 would remain high.

Fokus was formally taken over by the state in December after making huge interim losses. The state became the bank's owner after a NKr475m cash injection.

The bank expects the government-owned bank insurance fund to contribute to a further capital strengthening exercise should one become necessary.

At end-1991, the bank's equity was just 4.65 per cent of risk-weighted balance sheet items. By end-1992, under Norwegian law, the ratio will have to be 8 per cent.

Losses on loans in guarantees rose to NKr1.80bn in 1991 from NKr1.15bn. "There is reason to expect that the result before losses on lendings will improve in 1992," Fokus said.

Net income from interest and credit fell in 1991 to NKr1.26bn from NKr1.35bn, while other operating income rose to NKr570.1m from NKr524.6m. Fokus swung to an operating loss of NKr259.6m from a profit of NKr4m in 1990.

"The operating result in Fokus Bank in 1991 has been affected by the general difficulties in the Norwegian economy," Fokus said.

● Norwegian banks will need more transfers of state cash this year in order to meet new, tough capital adequacy requirements, Norway's central bank governor, Mr Hermod Skaanland, said.

"In the course of 1992, we must expect that the (state) Bank Investment Fund will supply several of the banks with capital to enable them to meet the capital requirements implemented by the end of the year," Skaanland said.

Last year, the state pumped in some NKr16bn to help banks survive.

Kvaerner turns in record results

By Karen Fossli

KVAERNER, the diversified Norwegian company with main interests in engineering, shipping and shipbuilding, yesterday announced record pre-tax profits in 1991 of NKr1.1bn, up from NKr1.05bn in 1990.

Kvaerner plans to lift its dividend to NKr3 a share from NKr2.75.

The company said it expects to make a 1992 profit similar to last year's.

Group operating profit rose by NKr175m to NKr1.04bn, while turnover increased to NKr18.66bn from NKr13.16bn in 1990.

"The big increase in revenue is primarily due to the acquisition of the Kvaerner Masa shipbuilding group in Finland and Goetaverken Energy in Sweden," Kvaerner said.

On a divisional basis, shipbuilding, the group's best performer, boosted net pre-tax profit to NKr535m from NKr22m. Mechanical engineering slid in a loss of NKr51m from a NKr46m profit in 1990.

Pulping technology saw pre-tax profit in 1991 cut to NKr270m from NKr460m while shipping saw profits decline last year to NKr260m from NKr342m.

Astra to pay more after 36% advance

By Robert Taylor in Stockholm

ASTRA, Sweden's largest pharmaceutical company, announced yesterday a 36 per cent rise in 1991 pre-tax profit to SKr3.41bn ($571.2m) from SKr2.51bn for the previous year.

Sales rose by one-third over the same period to SKr12.5bn. Profits per share jumped to SKr18.00 from SKr11.90 and Astra proposes to improve its dividend to SKr3.25 per share from SKr2.45.

The company expects its performance in 1992 to continue to remain strong. It predicts a pre-tax profit increase of between 20 and 25 per cent.

Last year's performance extends the pattern of impressive results from Astra. For 1990, the group achieved a 36 per cent rise in pre-tax profit to SKr2.5bn, while in 1989 profits rose 23 per cent to SKr1.85bn.

Astra's success stems from its current range of drug products. Sales of Losec – its anti-peptic ulcer drug – more than doubled in 1991 to around SKr4.85bn from SKr2.1bn in the previous year, reflecting its successful introduction during the year to both the US and Japanese markets.

The company's cardiovascular anti-high blood pressure drug Plendil, which reached the German market for the first time at the end of 1991, enjoyed a 78 per cent boost in sales to SKr336m, while there was a 51 per cent growth in sales of Pulmicort, the anti-asthma agent, to SKr1.22bn.

Sales of Turbuhaler, an inhaler delivering medication to asthma patients, increased by 10 per cent to SKr790m.

Sparbank up 21% in spite of credit losses

SPARBANK, the Swedish savings bank, boosted profits by 21 per cent last year to SKr1.03bn in spite of SKr1.11bn credit losses, writes Robert Taylor in Stockholm.

At end-1991, the bank had Skr5.2bn of extended credit but said while this was substantial, there was no risk to the bank because "a large part was covered by first class security".

LEGAL NOTICES

Company number 524209. Registered in England

The Studio Press (Birmingham) Ltd
Former Registered Office: 58-59 Lower Tower Street, Birmingham B19 3NA

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at The Grand Hotel, Colmore Row, Birmingham on 27 February 1992 at 10.00 am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:

(a) they have delivered to us at the address shown above, no later than noon on 26 February 1992, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Ian N Carruthers and John F Powell,
Joint Administrative Receivers
Dated: 13.2.1992.

INTERNATIONAL COMPANIES AND FINANCE

Treasuries ease slightly in bout of speculative trading

By Patrick Harverson in New York and Sarah Webb in London

US TREASURY prices were slightly lower yesterday morning in a session dominated by speculative trading.

By midday, the benchmark 30-year government bond was down 1/8 at 100 11/32, yielding 7.910 per cent. The two-year note was also easier, down 1/32 at 99¼, to yield 5.267 per cent.

Prices had been lower in early trading in a reaction to reports that an influential newsletter had suggested Federal Reserve officials now believe the economy is growing faster than expected.

The market recovered some of the losses later, although it was unclear whether news of an 18,000 rise in weekly jobless claims sparked the rebound. The day's other economic news, the posting of a 45.94bn merchandise trade deficit in December, was generally ignored by market players

In the credit markets, the Fed arranged $1.5bn in customer repurchase agreements in an attempt to push the Fed funds rate nearer its target of 4 per cent. By midday, Fed funds were trading at 4¼ per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	100.1047	+0.645	9.96	10.19	9.79
BELGIUM		9.000	06/01	101.4000	+0.050	8.78	8.87	8.82
CANADA *		8.500	04/02	100.5000	+0.600	8.42	8.42	8.09
DENMARK		9.000	11/00	102.3700	+0.170	8.59	8.55	8.44
FRANCE	BTAN	8.500	03/97	99.0273	+0.158	8.73	8.74	8.96
	OAT	8.500	11/02	100.2200	+0.110	8.45	8.47	8.31
GERMANY		8.000	01/02	100.4300	-0.010	7.93	7.87	7.84
ITALY		12.000	02/02	98.4800	+0.200	†12.27	12.28	12.24
JAPAN	No 119	4.800	06/99	95.2466	+0.222	5.72	5.79	5.84
	No 129	6.400	03/00	105.7753	+0.207	5.38	5.45	5.58
NETHERLANDS		8.250	02/02	99.4800	-0.060	8.33	8.28	8.30
SPAIN		11.300	01/02	103.0500	+0.100	10.77	10.82	10.88
UK GILTS		10.000	11/96	102-08	+2/32	9.41	9.41	9.81
		9.750	08/02	102-27	+0/32	9.32	9.31	9.44
		9.000	10/08	98-29	+2/32	9.13	9.12	9.22
US TREASURY *		7.500	11/01	100-22	-1/32	7.40	7.40	7.02
		8.000	11/21	100-29	-2/32	7.92	7.90	7.57

London closing. *denotes New York morning session. Yields: Local market standard
† Gross (including witholding tax at 12.5pc payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

GOVERNMENT BONDS

■ JAPANESE government bonds ended higher after the release of favourable money supply data raised hopes of a cut in interest rates.

Money supply grew at a record low rate of 1.8 per cent in January from a year earlier, compared with a rate of 2.0 per cent in December and 2.4 per cent in November. The slower growth rate raised hopes of an easing in monetary policy by the Bank of Japan.

Prices climbed in the afternoon after the release of the money supply data, but slipped back from the highs on profit-taking and as the yen weakened against the US dollar. The Bank of Japan sold dollars for yen after the US currency strengthened to 128.25 yen. However, despite repeated intervention by the central bank, the dollar ended the day at Y128.60.

The yield on the benchmark No 129 issue ended at 5.37 per cent, having opened at 5.41 per cent.

■ BELGIAN government bond prices closed higher on the day, helped by a successful auction of the new 15-year bond issue.

The Treasury sold a total of BFr38.66bn of 15-year bonds at an average weighted price of 98.335, yielding 8.69 per cent. After the auction, the price of the 15-year bond rose as investors switched out of 15-year Dutch government paper into the 15-year Belgian issue.

The combination of profit-taking and switching into Belgian stock pushed Dutch government bond prices slightly lower. The Dutch central bank lowered its special advance rate yesterday but the cut, from 9.4 per cent to 9.3 per cent, had little impact on the bond market.

Elsewhere in Europe, German government bonds traded in a narrow range as the market awaited the release of the January money supply figure. The Liffe bund futures contract moved from its opening of 87.78 to 87.86, helped by a rise in the US Treasury bond market, but drifted back to close at 87.71.

Mr Otmar Issing, Bundesbank board member, was reported as saying that an inflation rate of around 4 per cent was unsatisfactory, adding that there was no hope of an easing in monetary policy in the near future.

■ UK government bonds traded in a narrow range, ending the day slightly stronger due to the firmer US Treasury bond market.

The Liffe gilt futures contract opened at 97.23 and climbed to 98.00 before closing at 97.27 on below-average volume. The benchmark 11¾ per cent gilt opened at 116 3/32, unchanged on Wednesday's close, and traded up to 116⅝ to yield 9.32 per cent.

NZ government offering well received

INSTITUTIONAL support returned to the New Zealand bond market yesterday, with the latest government tender closing oversubscribed, writes Terry Hall in Wellington.

This was in contrast to the previous one a fortnight ago, a failure which provoked considerable uncertainty in financial markets. The latest tender, which sought NZ$350m, attracted bids of NZ$1152m for the three maturities offered.

However, yields barely moved, indicating, according to the treasury manager of a leading bank, that the market was unsure of where the economy was headed over the next 12 to 18 months and was not prepared to take a strong position.

He said the bids came from institutions and banks needing to do business, but no-one was prepared to take the market anywhere.

In the tender, the 1995 bonds saw an average yield of 8.10 per cent; 1996 bonds yielded 8.8 per cent; and March 2002 showed a yield of 9.35 per cent.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 5:10 pm on February 20

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Consortium buys Pebble Beach golf resort

By Emiko Terazono in Tokyo

THE controversial Japanese owner of the Pebble Beach golf resort in California, one of the most famous courses in the US, has been forced by financial difficulties to sell out to a consortium organised by Sumitomo Bank.

Mr Minoru Isutani, a self-made Japanese tycoon who bought the course for around $1bn, has had to dispose of it for about $500m after failing to complete a scheme to fund the purchase by sales of memberships to wealthy Japanese.

Mr Isutani bought Pebble Beach in 1990 through a US subsidiary, which he then quickly sold to US investors after the deal was concluded. Mr Isutani is also well known for his ties with Mr Hisashi Shinto, former chairman of Nippon Telegraph and Telephone, who was forced to resign due to his involvement in the Recruit stock scandal.

Taiheiyo Club, a golf course developer, has joined Sumitomo Credit Service, the credit card company under Sumitomo Bank, to buy Pebble Beach – which will be the site of the US Open golf tournament this year – from Mr Isutani.

Mr Isutani's close ties with Itoman, the Osaka-based trading company facing financial restructuring due to its involvement in real-estate-related speculation, prompted Sumitomo Bank, under which Itoman is now undergoing restructuring, to arrange the deal between Taiheiyo and Mr Isutani. Sumitomo Bank will also finance the joint venture in the acquisition.

The move comes as Mr Isutani plans to turn the Pebble Beach resort's four golf courses and two hotels – originally accessible to the public – into an exclusive club by selling private memberships were rejected by local authorities.

The California Coastal Commission's refusal stalled Mr Isutani's plans to repay his main lender, Mitsubishi Banking and Trust. Japan's faltering golf membership market also discouraged Mr Isutani to pursue original plans.

Mr Isutani's original purchase stirred criticism in the US as it was seen as another move by Japan to acquire high profile "trophies" such as Manhattan's Rockefeller Centre and Columbia Pictures.

Taiheiyo, which runs nine golf courses in Japan, said it hoped Pebble Beach's name would help the company's reputation. Taiheiyo said it did not intend to turn Pebble Beach into a private golf club, and said it would retain original management. The company, which also hosts domestic golf tournaments, hopes to finalise the deal before the US Open in June.

Net at Mair Astley surges to NZ$5.6m

By Terry Hall

MAIR Astley, the New Zealand commodity trader and primary product exporter, yesterday reported a surge in net profits to NZ$5.59m (US$3m) for the six months to December 31, from NZ$97,000 a year earlier. It announced a one-for-three bonus and a return to dividend payments.

The company is New Zealand's largest exporter of venison and among the top international traders in wool, leather and pelts. The profit improvement follows a sharp rise in demand for these products, helped by the recent devaluation of the New Zealand dollar.

Mr John Roy, executive chairman, said the turnround had also been assisted by a refocus on value-added activities such as leather manufacture. At the pre-tax level, profits turned round to NZ$8.01m from losses of NZ$25,000. Tax took NZ$2.73m compared with NZ$167,000.

Total assets fell to NZ$166.7m from NZ$210.74m due to asset sales. A 5 cent dividend was declared, the first since 1989, when the company began a period of reconstruction.

Apollo Leasing in creditor plea

APOLLO Leasing, an ailing Japanese leasing company, has asked more than 120 creditors to reduce interest rates on outstanding loans and allow it to defer repayment of the principal over the next three years, Reuter reports from Tokyo.

Under a restructuring, which has yet to win the banks' backing, Apollo will sell assets, including stocks, to cut its debt and reduce its workforce. Apollo's outstanding loans totalled some Y590bn ($4.6bn) in December.

INTERNATIONAL CAPITAL MARKETS

Warm reception to pricing on Y125bn Spanish deal

By Simon London

SPAIN yesterday launched its anticipated Y125bn issue in the international bond market, but priced the deal more generously than expected to attract investors.

The 5¾ per cent 10-year bonds were priced to yield 5.858 per cent, at the higher end of market expectations. At this level, the bonds yield 7 basis points more than Belgium's outstanding Y50bn deal and 27 basis points more than Japan Development Bank's outstanding Y120bn deal, two benchmarks in the Euroyen sector.

Nomura International, lead manager, said the deal was priced by consensus among top underwriting firms. The realistic pricing was reflected in a warm reception from investors.

Participants in the deal reported brisk sales, with UK and continental European institutional investors the most active buyers. From a fixed re-offer price of 99.20, the deal traded up to stand at 99.25 bid by the close.

INTERNATIONAL BONDS

The European Community launched a Ecu490m five-year deal, lead managed by Morgan Stanley International, to finance balance of payments loans to a number of eastern European states.

The issue added to a Ecu250m deal lead-managed by Crédit Lyonnais in November. The bonds were priced to give a yield of 8.47 per cent, a small 2 basis point pick up over the outstanding bonds in the secondary market. The issue is now likely to become a benchmark at the five-year maturity.

As with the Spain transaction, the pricing was considered to be fair by market participants. The lead manager won the mandate for the deal following a bidding process, but the EC did not pick the firm which offered to underwrite the bonds at the lowest yield.

In the past, the EC has been criticised for awarding new issue mandates on the basis of bids which were far more aggressive than the market consensus, resulting in poorly-received deals.

The proceeds of the issue were swapped into floating-rate Ecu and on-lent to a number of states, including Hungary and Czechoslovakia. Morgan Stanley offered the EC the lowest cost of funds by engineering an attractive swap.

While most firms were satisfied with the pricing, many said investors were not keen to buy Ecu bonds at this maturity and saw only limited buying. However, other participants in the deal, including the lead manager, reported steady sales to a range of European retail and institutional investors.

The deal was held at the fixed re-offer price of 100.65 throughout the day.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Mitsui Taiyo Kobe Bk(b)‡†	50	(b)	102	2002	2/1¼	Mitsui Taiyo Kobe Int.
ECUs						
European Community(c)†	490	8⅝	100.65	1997	¼/⅛	Morgan Stanley
General Elec.Capital Corp(d)†	75	8¾	101.075	1994	1⅛/0.975	UBS Phillips & Drew
YEN						
Kingdom of Spain(a)†	125bn	5¾	99.20	2002	32.5/20bp	Nomura Int.
PESETAS						
Nordic Investment Bk(e)†	7.5bn	10½	101.55	1997	1⅝/1	Banco Bilbao Vizcaya
D-MARKS						
Total(f)†	300	8¼	102.80	2002	2½/1½	Deutsche Bank

**Private placement. §Convertible. ¶With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon pays 50bp over 6-month Libor. Callable, once only, 22/3/95 at 100%. If call not exercised will pay coupon of 9⅛% thereafter. c) Fungible with existing Ecu250m deal launched November 1991. Non-callable. d) Issue part of an existing Medium Term Note Programme. Non-callable. e) Matador issue. Non-callable. f) Amount increased from DM200m. Non-callable.

Top Danish bank to cut more jobs

DEN DANSKE Bank, Denmark's largest bank, plans to reduce employment by 20 per cent over the next three years in order to cut costs and improve earnings, writes Hillary Barnes in Copenhagen.

However, Mr Knud Sorensen, chief executive, said yesterday the bank made a DKr1.33bn ($208.5m) net profit in 1991 compared with a loss of DKr1.17bn in 1990. The improvement reflected a reduction in loss provisions from DKr4.25bn to DKr2.88bn and a DKr1.7bn gain from the adjustment of the value of foreign exchange and securities portfolios.

The bank proposed an unchanged 16 per cent dividend, a pay-out of DKr847m.

Net interest income and income from fees and commissions declined to DKr9.82bn from DKr10.22bn, which Mr Sorensen described as "unsatisfactory". He attributed it to a trend which had lasted for several years and was caused by increasing competition and the domestic economic recession.

Danske is the result of a merger of three large banks in 1990. Since then, the branch network has been reduced from 750 to about 600, and further reductions are on the way.

Employment has been reduced by about 9 per cent from 16,400 at the time of the merger to 15,000. The number must be reduced to 12,000 by the end of 1994, said Mr Sorensen.

Record year yields to change of sentiment

Bernard Simon looks at why enthusiasm for Canadian bond offerings is waning

JUST as Canadian and foreign securities dealers are rushing to capitalise on last year's surge of interest in Canadian bonds, investors' enthusiasm for these securities shows signs of waning.

Foreigners poured a record C$27.3bn into bonds issued by Canadian borrowers in either the domestic or international markets in the first 11 months of last year, more than double the inflow for the whole of 1990.

However, a weakening Canadian dollar, narrower spreads between North American and European interest rates, and Canada's political uncertainties have lately raised doubts about the wisdom of further beefing up Canadian bond portfolios.

ScotiaMcLeod of Toronto notes in its latest bond market letter that US and German institutions, which made up close to half of last year's buying, "have begun to lighten their exposure".

New issues in the domestic and EuroCanadian markets have virtually dried up over the past month as borrowers wait for stability to return to the Canadian dollar and the bond market. One Toronto bond analyst predicts that "Canadian entities will not achieve the same volumes, spreads or amounts in the Euromarket this year that they did in 1991".

They are expected to rely heavily in coming months on global offerings and foreign-currency issues, which can then be swapped into Canadian dollars.

The impact of investors' loss of appetite for Canadian issues is likely to hit some borrowers harder than others. Thanks to a big global issue last month, and C$800m in "pre-borrowings" completed last year, Ontario Hydro has already raised about half of its 1992 requirements of C$4.6bn. The province of Ontario, which raised C$6bn outside Canada last year, appears to face a stiffer challenge. With a spiralling budget deficit, the total amount of foreign borrowing is unlikely to be less than last year.

The impact of investors' loss of appetite for Canadian issues is likely to hit some borrowers harder than others

The province's credit rating is expected to be lowered after the 1992-1993 budget is presented this spring. Treasury officials acknowledge that the proportion of foreign funding is bound to drop from the unusually high 70 per cent reached in 1991.

Despite the recent setbacks, last year's huge inflows have fuelled unprecedented foreign interest in the Canadian market. The Canadian government bond market is now the world's seventh biggest, with a market value of close to C$160bn.

The cumulative return on federal government bonds included in Goldman Sachs' new Canadian government bond index was an annualised 15.8 per cent (measured in US dollars) between January 1988 and December 1991, including a 22 per cent return last year. By contrast, the return on Goldman's US Treasury market portfolio was an annualised 11.3 per cent over the past four years.

Some institutions still hold as much as 40 per cent of their portfolios in Canadian bonds. Mr Steve McGirr, vice-president for government finance at Wood Gundy in Toronto, estimates that the firm's economists now spend about half their time with European and Japanese investors with Canadian bond portfolios.

Wood Gundy has set up a desk in its London office to trade domestic Canadian issues, and has also started selling Canadian mortgage- and asset-backed securities in London.

Another sign of the broadening investor base is an unaccustomed degree of competition among providers of bond indices. The Canadian bond-index market has long been the preserve of ScotiaMcLeod, which compiles more than a dozen different indices to help portfolio managers assess the performance of their holdings.

The government bond market is now the world's seventh biggest, with a market value of close to C$160m

But Scotia's heels are now being nipped by Burns Fry of Toronto and, most recently, by Goldman Sachs. Burns Fry began compiling a family of Canadian bond indices in 1990. Goldman launched its government bond index last month to supplement similar services on the US, German and Japanese markets.

Prior to the present lull, interest was especially strong in bonds issued by the provinces. Yields on provincial issues are typically 40 to 60 basis points higher than those on federal government bonds. The yield on ScotiaMcLeod's portfolio of provincial issues was 23.4 per cent last year, compared with 21.3 per cent on its Universe Canada index.

Provincial yields are somewhat lower than those of the two big power utility borrowers, Ontario Hydro and Hydro-Quebec. For instance, 10-year British Columbia bonds currently yield 8.92 per cent, against 9.13 per cent on a comparable Ontario Hydro issue.

The outlook for Canadian issues should become clearer over the next few months. The federal government is due to present its budget within four weeks, to be followed in April and May by budgets for most of the 10 provinces.

Those crossing fingers for a renewed burst of interest are pinning their hopes on the release of January's consumer price index figures on February 21. The figures, the first without the one-time impact of the 7 per cent goods and services tax imposed in January 1991, are expected to show a slowing of the inflation rate, perhaps to an annualised rate of less than 2 per cent.

If the Bank of Canada sticks to its anti-inflation guns, confidence in the Canadian dollar and expectations of a further drop in interest rates could be revived.

Sweden poised to overhaul share ownership

By Robert Taylor in Stockholm

FOREIGNERS should be entitled to acquire as many shares as they like in Swedish companies from January 1 next year, it was proposed yesterday by the state's company law committee.

The Swedish government is expected to endorse the recommendation and abolish the current legal restrictions created by the dual system of free and restricted shares, which prevents foreigners from being able to purchase all or part of the shares in companies.

The proposed change is likely to pass through parliament during the autumn. It will come into force at the start of 1993 with the creation of the free internal market between the European Community and the European Free Trade Association.

At present, an estimated 70 per cent of the shares traded in Stockholm are restricted. Clauses which restrict certain shares to Swedes are contained in the by-laws of more than an estimated 220,000 joint stock companies in Sweden.

The company law committee said in its report to the government that "many people question whether it is consistent with the national interest to shield Sweden from other countries. Instead, there is a widespread belief that greater mobility of goods, services, people and capital create the prerequisite for economic growth and greater prosperity".

As a result, it added: "It seems important to stimulate an interest among foreigners to make investments in Sweden."

The report emphasises that the change must be made because the existing restricted share system is incompatible with the rules laid down by the European Community's Treaty of Rome and the new 19-nation European Economic Area between the EC and European Free Trade Association, which is supposed to come into force next January.

The committee suggested there should be no exceptions to its proposal to abolish restricted shares, and free shares should also apply to companies in the Swedish defence industry.

The proposed change, when it is implemented, will mean a profound break with past practice. Legal restrictions on foreigners wishing to acquire ownership of Swedish companies and property date back into the 18th century, though the laws only really became codified in their present form in 1916. They were updated 10 years ago.

However, Sweden is not moving to a system of one share, one vote. The present system, which differentiates between voting shares and non-voting equity, will continue until the EC itself has agreed on comprehensive company legislation. Many large companies will continue to be owned by Swedish institutions and families like the Wallenbergs through their dominant control of the voting shares.

In a further sweeping measure of liberalisation, the Swedish government is expected to announce today proposals to de-monopolise the Stockholm bourse and allow competition in Sweden share trading.

This suggestion has already aroused public criticism from Mr Bengt Ryden, the head of the stock market, who has said it could have an adverse effect on the Swedish stock market.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday February 20 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Feb 19: Index No.	Tue Feb 18: Index No.	Mon Feb 17: Index No.	Year ago (approx): Index No.
1 CAPITAL GOODS (178)	791.99	+0.5	8.33	6.04	15.37	0.61	788.18	787.66	783.00	802.04
2 Building Materials (23)	973.11	+0.1	7.18	6.38	18.76	0.44	972.19	971.91	962.16	1102.17
3 Contracting, Construction (28)	883.85	-0.3	9.01	8.26	16.01	0.00	886.14	889.25	889.23	1246.27
4 Electricals (7)	2458.77	+0.4	10.05	6.10	12.52	1.47	2447.93	2450.54	2436.66	2164.85
5 Electronics (26)	1801.16	+2.0	10.19	4.75	12.43	1.26	1766.01	1771.13	1766.50	1786.18
6 Engineering-Aerospace (8)	324.10	......	12.62	8.02	9.63	0.77	324.18	314.74	313.88	408.87
7 Engineering-General (43)	488.86	+0.1	9.53	4.98	12.96	1.21	488.16	487.03	485.12	398.73
8 Metals and Metal Forming (10)	325.78	+0.6	2.13	10.61	-	0.00	323.94	327.66	330.61	444.45
9 Motors (14)	314.32	+1.0	8.08	7.53	16.44	0.00	311.14	309.36	305.63	322.34
10 Other Industrial Materials (19)	1606.45	+0.3	7.49	5.10	15.88	0.69	1601.73	1604.49	1590.66	1397.17
21 CONSUMER GROUP (188)	1673.31	+0.3	6.93	3.29	17.73	2.27	1668.55	1680.94	1670.87	1320.00
22 Brewers and Distillers (23)	2107.33	+0.3	7.64	3.36	15.79	7.92	2101.47	2104.60	2081.51	1661.02
25 Food Manufacturing (18)	1275.89	+0.5	8.46	3.98	14.58	2.11	1269.33	1267.06	1262.95	1121.92
26 Food Retailing (17)	2544.73	+1.2	8.67	3.26	14.98	0.39	2515.28	2517.63	2519.56	2494.73
27 Health and Household (24)	4423.23	-0.4	5.27	2.21	21.67	0.88	4441.81	4546.18	4521.58	2807.02
29 Hotels and Leisure (23)	1302.32	-0.3	7.15	5.17	17.42	1.02	1306.55	1306.74	1297.53	1279.07
30 Media (24)	1533.58	+1.3	6.37	3.56	19.74	1.22	1514.28	1518.05	1514.85	1294.17
31 Packaging, Paper & Printing (17)	747.80	+0.9	7.08	4.44	17.13	0.22	740.80	737.99	735.87	585.79
34 Stores (32)	1068.95	+0.5	6.91	3.38	19.18	1.89	1063.83	1068.73	1059.26	840.30
35 Textiles (10)	630.39	+0.5	7.28	4.91	17.52	0.53	626.95	628.41	620.45	455.08
40 OTHER GROUPS (116)	1233.40	+0.6	9.78	5.37	12.90	6.34	1226.48	1226.11	1220.04	1114.06
41 Business Services (16)	1408.45	+1.0	7.12	4.66	17.86	0.07	1394.44	1397.64	1391.57	1041.47
42 Chemicals (21)	1514.96	+0.4	6.62	4.83	18.67	0.44	1508.47	1503.69	1491.45	1203.30
43 Conglomerates (11)	1326.26	+0.9	10.92	7.63	11.15	3.11	1315.07	1316.67	1278.56	1445.69
44 Transport (14)	2422.08	+1.0	5.24	4.67	25.20	2.46	2397.30	2389.99	2394.98	2028.07
45 Electricity (16)	1206.17	+0.2	15.03	6.16	8.65	17.21	1203.40	1211.02	1202.91	1125.50
46 Telephone Networks(4)	1411.54	+0.4	11.12	4.44	11.75	15.96	1405.26	1404.99	1407.12	1248.28
47 Water(10)	2453.60	-0.6	17.39	6.48	6.34	0.00	2467.82	2458.75	2464.25	2432.77
48 Miscellaneous (24)	1850.45	+1.1	5.54	5.28	24.66	0.95	1830.93	1827.33	1827.90	1769.76
49 INDUSTRIAL GROUP (482)	1311.16	+0.4	8.06	4.42	15.52	3.17	1305.86	1310.59	1303.18	1132.14
51 Oil & Gas (18)	1998.01	-0.3	9.57	7.05	13.80	8.11	2004.55	2068.59	2061.60	2259.21
59 500 SHARE INDEX (500)	1377.19	+0.3	8.21	4.68	15.32	3.56	1372.64	1381.59	1374.10	1227.12
61 FINANCIAL GROUP (87)	717.64	+0.1	-	6.47	-	0.71	717.15	717.04	712.47	774.62
62 Banks (9)	875.52	+0.4	4.38	6.07	46.41	1.59	872.33	870.55	864.34	827.57
65 Insurance (Life) (6)	1415.30	-0.1	-	6.04	-	0.00	1416.82	1411.87	1400.11	1404.17
66 Insurance (Composite) (7)	481.00	-0.1	-	9.06	-	0.00	481.50	483.77	480.07	685.22
67 Insurance (Brokers) (10)	976.39	-1.3	7.92	6.84	16.61	1.80	989.19	991.07	982.77	1044.41
68 Merchant Banks (7)	479.77	......	-	4.47	-	0.00	479.77	479.27	476.51	398.08
69 Property (33)	761.10	-0.1	7.56	5.96	18.11	0.44	761.91	764.17	762.83	1011.89
70 Other Financial (14)	246.08	+0.3	8.08	7.07	16.34	0.00	245.30	245.80	245.22	273.57
71 Investment Trusts (68)	1172.81	......	-	3.73	-	2.02	1172.41	1182.49	1180.05	1097.73
99 ALL-SHARE INDEX (654)	1220.01	+0.3	-	4.87	-	2.90	1216.45	1223.50	1216.84	1115.60

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 19	Feb 18	Feb 17	Feb 14	Feb 13	Year ago
FT-SE 100 SHARE INDEX♦	2543.4	+6.7	2555.2	2531.2	2536.7	2555.9	2541.0	2513.9	2522.6	2312.4

FIXED INTEREST

PRICE INDICES	Thu Feb 20	Day's change %	Wed Feb 19	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (26)	122.46	+0.02	122.43	1.95	1.65
2 5-15 years (26)	136.91	+0.12	136.74	1.59	2.77
3 Over 15 years (9)	148.44	+0.18	148.18	2.46	0.88
4 Irredeemables (6)	165.14	+0.19	164.83	3.29	0.00
5 All stocks (67)	134.94	+0.10	134.81	1.84	2.21
Index-Linked					
6 Up to 5 years (2)	169.43	+0.04	169.36	0.06	1.37
7 Over 5 years (9)	149.30	+0.06	149.22	0.53	0.90
8 All stocks (11)	150.94	+0.06	150.86	0.46	0.95
9 Debs & Loans (62)	119.61	+0.04	119.56	3.42	0.46

AVERAGE GROSS REDEMPTION YIELDS		Thu Feb 20	Wed Feb 19	Year ago (approx.)
British Government				
1 Low	5 years	8.57	8.58	9.24
2 Coupons	15 years	9.12	9.14	9.54
3 (0%-7¾%)	20 years	9.12	9.14	9.69
4 Medium	5 years	9.37	9.38	10.05
5 Coupons	15 years	9.19	9.22	9.92
6 (8%-10¾%)	20 years	9.16	9.18	9.85
7 High	5 years	9.61	9.61	10.22
8 Coupons	15 years	9.29	9.32	10.06
9 (11%-)	20 years	9.23	9.25	9.96
10 Irredeemables	†	9.32	9.34	9.86
Index-Linked				
11 Inflation rate 5%	Up to 5yrs	3.61	3.62	3.61
12 Inflation rate 5%	Over 5 yrs	4.28	4.28	4.12
13 Inflation rate 10%	Up to 5 yrs	2.92	2.92	2.13
14 Inflation rate 10%	Over 5 yrs	4.09	4.09	3.92
15 Debs &	5 years	10.85	10.86	12.07
16 Loans	15 years	10.62	10.62	11.74
17	25 years	10.45	10.45	11.46

♦Opening index 2545.9; 9 am 2555.1; 10 am 2538.0; 11 am 2534.0; Noon 2535.7; 1 pm 2533.0; 2 pm 2531.3; 2.30 pm 2531.7; 3 pm 2533.3; 4.10 pm 2543.4; (a) 9.02am (b) 2.16pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	50	2	29
Other Fixed Interest	5	0	12
Commercial, Industrial	332	208	938
Financial & Property	103	101	589
Oil & Gas	23	17	51
Plantations	0	0	9
Mines	30	13	107
Others	47	31	49
Totals	590	372	1,784

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
†	F.P.	-	75	61	Capital Industries 1p	61		-	-	-	-
100	F.P.	-	104	99	Exeter Prfd. Capital	102½		F0.6	-	0.8	-
-	F.P.	-	39	23	Fleming Japanese Wrnts.	36		-	-	-	-
£10⅝	F.P.	-	£12	£10⅝	Latin Am Inc & Appr. Ic	£12		-	-	-	-
100	F.P.	-	99	98	Lloyds Smlr Co's Pckg Uts.	99		-	-	-	-
38	F.P.	-	39	34	Do. Dividend	37		1.42	-	5.1	-
62	F.P.	-	62	57	Do. Capital	60		-	-	-	-
-	F.P.	-	10	¼	Multitrust Warrants	10		-	-	-	-
-	F.P.	-	104	102	Riv & Mrc Tst Inc12 1/2p	103		N9.2	-	11.9	-
-	F.P.	-	121¼	117	Do. Stppd Prf 12 1/2p	121½		N5.6	-	6.1	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
10p	F.P.	-	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Caradon Inds. 10½pc Bd. Deb. 2001	105½	
34.71	F.P.	-	35¾	35¼	Exeter Prfd. Capital Zero Deb. 2002	35¾	
100p	F.P.	-	106p	100p	Fidelity Euro. Values Equity Ln 2001	106p	
105	F.P.	-	110	98	Greencore 9.5% Cnv Un Ln Stk 1995	110	+5
310p	150p	-	297p	187p	Inchcape Non-Int. Bearing Cv Un Ln	295p	+3
100p	F.P.	-	105¼p	99¾p	NatWest Bank 9pc Prf Series A	100¼p	
♦	F.P.	-	75p	68p	Wembley 6p (Net) Cnv Cum Prf 1999	70p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
205	NR	30/3	38pm	21pm	BTP 10p	21pm	-1
105	NR	3/4	12pm	3pm	Bromsgrove Inds.	3pm	
60	Nil	16/3	82pm	7pm	‡Clarke Foods	69pm	+4
39	NR	20/3	1½pm	1pm	Drummond	1pm	
115	Nil	-	16pm	12pm	Porvair 2p	15pm	
58	NR	30/3	12½pm	10½pm	Senior Engineering 10p	12pm	
30	Nil	-	3pm	2½pm	Wembley 5p	3pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. g Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings — Feb. 17
- Last Dealings — Feb. 28
- Last Declarations — May 28
- For settlement — June 8

3-month call rate indications are shown on this page.

Calls in BET, Clyde Petrlm., Cluff Res., Costain, G.M. Firth, Flextech, Gestetner, Hanson warrants, Helene, Arthur Lee, Microvitec, Oliver Res., Palma, Premier Cons., Pelon and Transfer Tech. Put in Sirdar.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Charter Cons.	40	Ladbroke	17	Sears	7½	■ OILS	
Allied-Lyons	55	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼
Amstrad	3	Courtaulds	39	Lex Service	18	TI	48	BP	22
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	50	FKI	5½	Lonhro	20	Tesco	17	Conroy Pet	7½
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3
Barclays	31	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Blue Circle	22	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1
Boots	33	GEC	15	P & O Dfd	34	Wellcome	75	■ MINES	
Bowater	55	Glaxo	70	Racal Elect	4½	■ PROPERTY		RTZ	39
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21		
British Steel	6	GRE	11	Rank Org	45	Land Sec.	38		
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31		
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½		

Because of technical problems at source the London Traded Options table was not available for this edition.

UK COMPANIES: PREVIEW OF THE RESULTS SEASON

Last year's downgradings should limit the fall in an already weakened market

Between no gain and some pain

THE STOCK MARKET is facing a testing time. Over the next few weeks it may have to contend with a stream of companies cutting – or even passing – dividends as they report their 1991 results.

After 18 months of recession, with precious few signs of a recovery and a general election looming, investors are nervously avoiding action. "The market is hunkered down, waiting for the storm," suggests one market strategist.

"Its difficult to spot winners until we get a full damage report on 1991 and the recession."

"We are trapped between no gain and some pain," says Mr Nick Knight, head of strategy at Nomura, arguing that the best the market can hope for is to get through the results period unscathed.

The reporting season is unlikely to produce many nasty surprises in terms of the numbers companies publish, if only because there have been so many revisions to forecasts already.

This time last year analysts were expecting industrial companies as a whole to show earnings rises in 1991. But hopes of a post-Gulf war recovery proved false. Now forecasts are for earnings of industrial companies to have fallen in 1991 by about 10 per cent.

A heavy round of downgradings towards the end of last year means that forecasts of companies' profits and earnings should by now be fairly accurate. And since those downgradings were at least in part responsible for the weaker stock market at the time, the hope is that the market should not fall much on poor profits news now.

The expected fall in earnings might look modest, given the length and depth of the recession.

Yesterday's figures for the UK's fourth quarter GDP (excluding oil and gas), showing a decline of 0.4 per cent against the third quarter, was the sixth quarter of recession and brought the fall for 1991 to 2.6 per cent (again excluding oil and gas), the worst year-on-year fall in output since 1931.

However, companies have worked to cut costs to bring them into line with the levels of activity, and the UK stock market derives a high proportion of its earnings – approaching half – from abroad.

Also the average figure includes a wide variation of results.

Some sectors, such as health and household goods, are expected to show good profit gains, while utilities are relatively unaffected by the recession.

It is companies in areas like capital goods which will bear the brunt of the recession, seeing much larger falls in earnings.

Outside the industrial group, figures from financials such as the banks and composite insurance companies will be bloody.

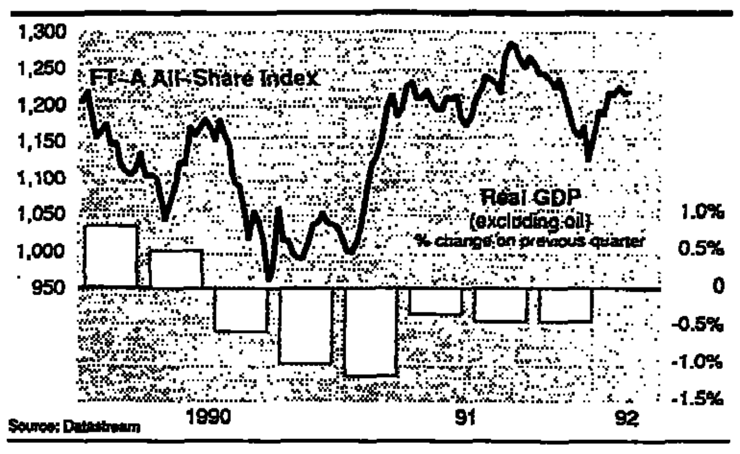
Surprises in the results season are more likely to come from decisions on dividends, with the average level of dividend cover down to about 2 times – lower than it was in the depths of the early 1980s recession. Then cuts were rarer as the higher rate of inflation gave companies more scope to hold dividends. This time round, with inflation lower, the decisions will be harder.

The low level of dividend cover will take some time to restore. Barclays de Zoete Wedd, the securities house, estimates that it would take three years of earnings growing by 13 per cent a year and no dividend increases to restore dividend cover to 2½ times.

"The dividend issue is the big one," says one fund manager, "and there are bound to be upsets." However, he thought that price movements following cuts will be "stock specific", rather than pulling the market down as a whole.

However, dividend cuts could affect the market as a whole, if they were so widespread that a large proportion of the market was involved or if a large and leading company not expected to cut – an ICI for instance – decided to do so.

There is also a political element to the dividend decision. A string of headlines about the poor performance of British industry could be thought unhelpful to the Conservative party's prospects in the election.



Source: Datastream

Shares of companies whose dividends are considered most at risk have already moved to reflect fears of a cut, with stocks such as Royal Insurance, T&N and Lucas on double figure yields. But as one investor put it: "Very often a cut is not fully in the price even when you think it is."

Some investors are prepared to accept cuts, hoping that even if a share price falls on the day, once the bullet has been bitten they can stop focusing on the short-term news and the investment horizon can move outwards again.

"The atmosphere has changed from a year ago when companies were expected to maintain dividends at all costs," says one broker. "Now it's recognised that if companies over-distribute, the only result will be them asking for the money back through a rights issue."

Dividend cuts are not only important for companies to conserve cash.

The decision to make a cut will be seen by shareholders as a more tangible and immediate indication of the directors' view of the future than a gloomy statement would be.

"If they cut dividends it means there is no end to the recession in sight," is the opinion of a broker.

One fund manager says that "at the end of the day companies will have to make a decision about 1992. My fear is that they will get nervous and cut when in fact they do not really need to. Cashflow cover of dividends is better than earnings cover and many companies could take the long-term view if they do not lose their nerve."

If companies do cut their dividend, though, they may find themselves subject to a takeover bid later.

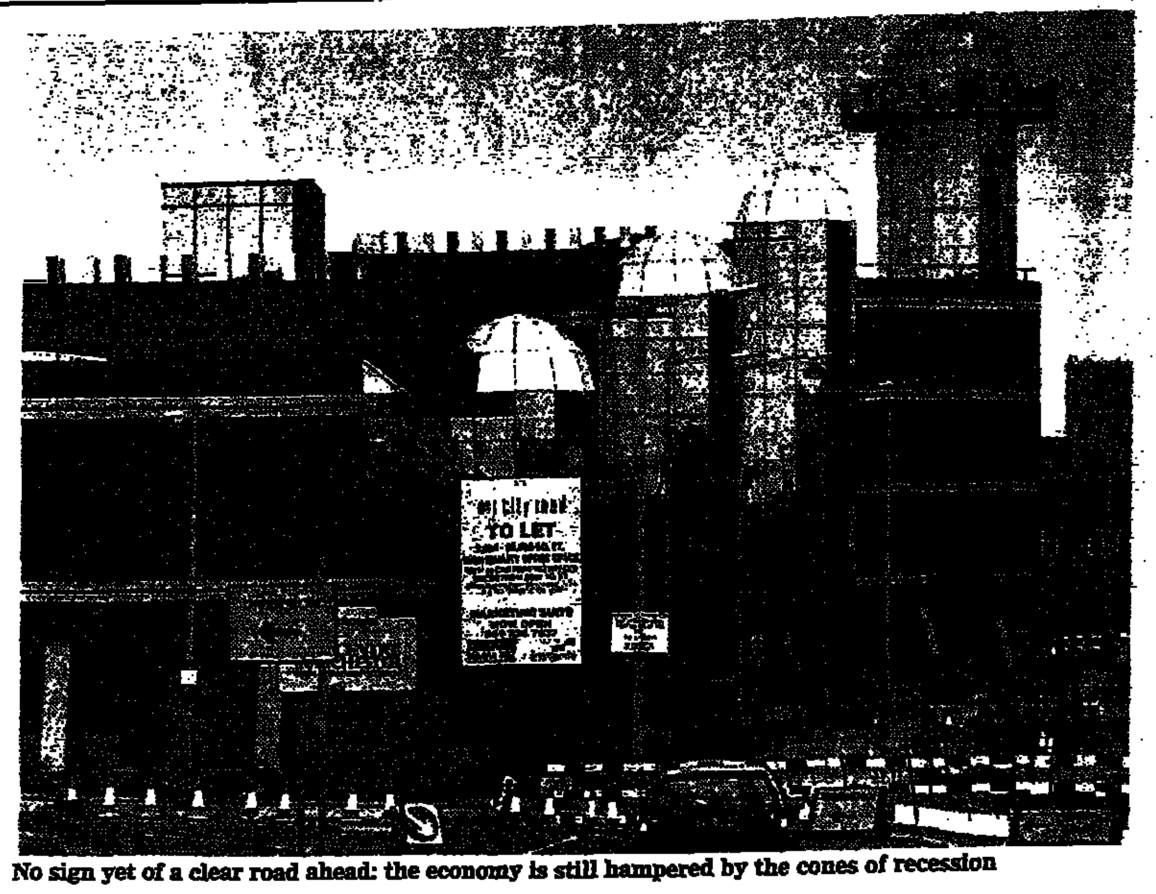
"We are working on a lot of things," says one corporate financier, "and we are just waiting for the dividend cuts and the election to get out of the way before we move."

As at this time last year, forecasts now are for a revival in earnings in the current year. Some brokers are expecting a sharp bounce in profits in 1992, with estimates for industrial group earnings rising as much as 20 per cent.

But already the estimates are being pulled downwards from numbers even higher than that.

Most forecasts are now for percentage increases in the teens. UBS Phillips & Drew is claiming the low field with a forecast of an 8 per cent rise.

That low forecast is on the basis of no pick-up in economic activity, while the more optimistic ones are hoping for some revival later in the year. Thus, even without any help from the economy, earnings should begin to recover.


No sign yet of a clear road ahead: the economy is still hampered by the cones of recession

It is widely expected that actions companies have taken to cut costs will feed through to profits this year.

"If the volume of business is unchanged in 1992 compared to 1991, there will still be gains from rationalisation," says one stockbroking strategist.

While the economy has been falling, companies have been trying to cut their cost bases to match the lower level of demand. If the economy stabilises, the redundancies taken will have brought improvements in productivity, and other cost cutting moves will also start to pay off.

Once there is a pick-up in business, then the lowering of the cost base of industry will have increased operational gearing, meaning a sharper rise in profits. British Airways, for instance, gave the market a pleasant surprise when its third-quarter results showed a five-fold improvement in profits, in part due to cost-cutting.

Another source of profit improvement is the overseas earnings of UK companies. Other countries' economies have not fared as badly as the UK, and there are early signs of recovery in the US. With foreign earnings such a large proportion of the UK companies' profits, the impact on the stock market is significant.

Companies should also find their interest charges reducing, as interest rates have fallen and many have worked to improve their balance sheets. Rights issues raised £9.5bn last year, helping companies to pay down debt taken on in the late 1980s.

In the short term, then, strategists are not expecting the market to perform well unless some unexpected good news arrives – such as a stronger Conservative showing in the opinion polls or more certain signs of a national economic recovery.

The FT-SE 100 Index is seen as being in a trading range between 2,450 and 2,600, with the lower figure regarded by many as representing reasonably solid value on current earnings and dividend forecasts. "The market is not riding for a fall," says one, "but there will be individual surprises."

Once the results season is out of the way, there will be the election to contend with and then the looked-for economic revival to appear on the horizon. It may be some time before the bulls can run again.

Maggie Urry

When rights may no longer be right

WHO IS going to finance an upturn in corporate activity and the rebuilding of recession-battered balance sheets in preparation for the economic turnround now forecast for the second half of 1992?

Last year the early stage of this process coincided with the year-end reporting period. In something of an open season for rights issues, more than half the total £9.5bn taken from the market in 1991 was raised between mid-March and the end of June.

This year analysts believe a similar amount could be raised, but that the institutional appetite may not be as great. There are also some doubts that banks will be willing or able to play a significant role in financing corporate recovery.

In theory, companies should be gearing up financially as they move into a recovery cycle, in the same way that they should have been running debt down as they moved into recession in 1989.

In practice, it is obvious that the corporate sector entered the recession far too highly geared. And despite substantial progress towards reducing debt last year – to a level called "comfortable" in a recent Goldman Sachs report – the banks are in no mood to fall in line with the theory by encouraging a return to borrowing.

Companies will need to raise money for rebuilding as the recession eases. Cash calls will play a role, but banks will be less keen than previously and dividend cuts will only scratch the surface

Some bank balance sheets are themselves badly in need of a patch-up – if not actually a call on shareholders – so that all but the strongest companies are likely to be excluded from this route.

"The good quality companies will not want a lot from the banks because of their own cashflow or disposals," says Mr Trevor Laugharne, a UK equity strategist at Kleinwort Benson. "The problem is that there is not enough capital going from banks to small- and medium-sized companies at economic rates."

Many companies are, therefore, likely to turn again to rights issues – whether they go to the market voluntarily, like J Sainsbury, Tesco and Bass early in last year's flood of issues, or of necessity, like British Aerospace later on.

The extent to which they will tap shareholders will depend in part on the market's fortunes.

The majority view, expounded by the likes of Mr George Hodgson, an equity strategist at Warburg Securities, is that the FT-SE 100 Index is heading for the 2,900 level by the calendar year-end, on the back of earnings recovery and higher earnings multiples as the economy moves towards low inflation and low interest rates.

Based on a similar forecast, Mr Bob Semple of County NatWest estimates another £10bn of rights issues this year – though they will probably come later in the year as few large companies appear prepared to risk going to the market in the run-up to the general election.

A minority view, put forward by Mr Nick Knight, Nomura's head of strategy, is that the market has seen its top level with the industrial index already high at 15.5 times historic earnings. "There will probably be a hung parliament and political uncertainty will continue throughout 1992," he says.

A Conservative election victory could only temporarily boost the market and companies thinking of a rights issue will gain only a marginal benefit from waiting. Mr Knight admits, though, that companies do not appear to be queueing up to launch cash calls at this time.

This year's call on the capital markets will also differ from 1991 in that institutions are shifting the allocation of their assets. In simple terms, they are debating whether to cut the proportion of their portfolios in equities and increase the proportion in gilts – which are looking cheap as interest rates and inflation stabilise at the lowest levels for 20 years.

"The gilts weighting will go up and the institutions will have to finance a lot of the government's public sector borrowing requirement," says Mr Hodgson. But even though institutions are likely to increase their weightings of gilts, this is likely to be at the expense of overseas holdings of bonds and equities rather than UK equities.

Nervousness about Wall Street and the Tokyo stock market may in fact lead to less outflow of capital from the UK market. Mr Hodgson says that increased sterling stability within the Exchange Rate Mechanism could also encourage foreign investors to greet a Conservative election victory by increasing their investment in the UK market. This would be an additional source of funding for rights issues.

Institutional reaction to the other route for companies to raise cash – the cutting of dividends – is likely to be hostile, despite the Governor of the Bank of England's suggestion last November that such cuts could be regarded as "a mark of responsible and resolute management".

Institutions remember that when ICI cut its dividend by 26 per cent in 1981, it took eight years for the dividend to be restored in real terms. Given the relatively small contribution to the recovery cash pot from such a move, dividend cuts are likely to be low on a finance director's list of options.

Richard Gourlay

Can't pay, won't pay — could pay, should pay?

THE MOST difficult decision that many company directors will have to make on the eve of their results announcement is what dividend to pay.

Last autumn several companies in danger of having insufficient earnings to cover 1991's dividends decided to hold the interim payment. They hoped that by this spring, when a decision would have to be made on the final, the economic recovery would have arrived to justify maintenance. It has not.

Although crystal ball-gazing about the recovery will play a part in the decision, the uncertainty will throw directors back on a variety of other criteria. Is the cash available and, if so, is this the first call on it? If retained profit is insufficient, should the company dip into balance sheet reserves to make up the difference? What do the shareholders want and how obliged is the company to them?

The cash problem is epitomised by Costain, the construction, property and mining group. With year-end gearing estimated at 60 per cent even after a £77m rights issue and a £101m disposal, it has warned it might cut the final. A yield of about 9 per cent on the interim dividend alone indicates the level of market pessimism.

High debt is seen as a potential justification for reducing the dividend even by Mr Paddy Linaker, chief executive of M&G Group, the fund management concern, who has become sensitive at being cast as an outspoken advocate of maintaining pay-outs.

In a recession that "has been worse than most of us thought likely", he says M&G accepts that some companies will have to cut. "We are not suggesting that companies should irresponsibly maintain their distribution."

His reminders to companies of the importance of dividend income to investors are simply statements of the "blindingly obvious", he says.

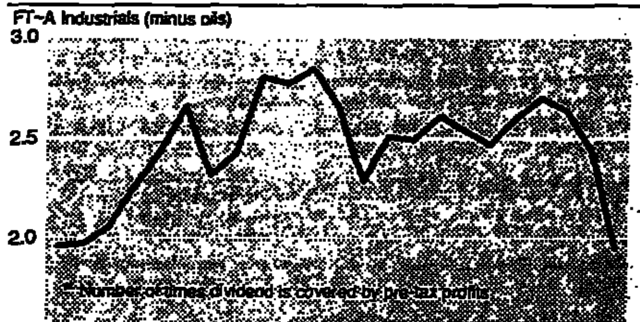
Different companies have different priorities for their cash. A growing company will see dividends as a diversion of funds from investment. Spring Ram, the kitchens and bathrooms group, has a yield of 0.2 per cent.

Mr Bill Rooney, its chairman, said recently that a 5 per cent yield would cost £23m – "I can build two factories for that." Its share price, on the other hand, has doubled in the past 12 months.

Some companies facing an uncovered dividend as profits have slumped have nevertheless felt impelled to keep up capital spending. T&N and GKN, the car component makers, for instance, have continued to modernise plant to ensure international competitiveness, particularly against the Japanese and the Germans.

Dividend cover *

FT–A Industrials (minus oils)



Source: Datastream

The market perceives a greater risk to the dividend at T&N, which faces a higher bill even if holds the payment because of extra shares in issue.

The case for reducing the dividend could refer to the views of Mr Paul Myners, chairman of Gartmore Investment Management. He says the long-term interests of shareholders are not served "if maintaining the dividend starves the company of important investment". Some companies have been locked into an excessive level of distribution and they should reduce the payment to a level from which it can grow.

But a contrary view can equally well be applied to T&N. With its balance sheet strengthened by a £119m rights issue, year-end gearing is expected to be below 35 per cent and maintaining the dividend would only put a small dent in the balance sheet.

Using Kleinwort Benson's forecast of a 36 per cent pre-tax profit fall to £45m and a 60 per cent tax charge, the £43m total dividend bill will knock £25m off reserves. That is only 5 per cent of the December 1990 (pre-rights issue) figure for shareholders' funds.

Mr Clive Gilchrist, chairman of the investment committee of the National Association of Pension Funds, says: "Generally speaking, the dividend is a relatively minor cost to a company. They should think seriously before committing themselves to a course of action that may rebound." Cutting the dividend can send the message that the board lacks confidence in the outlook and is "chopping and changing" its policy.

His view is that a maintained dividend in recession should be the *quid pro quo* for increasing it at a much slower rate than earnings in the good years.

The decision to maintain may be easier for companies that regard their investment bulge as over. Harrisons & Crosfield, the chemicals, building supplies and animal feed company, falls into this category after putting together the Harcros builders' merchant chain. And as its shares have tended to be bought for an above average yield, shareholders will expect a high priority to be given to dividend maintenance.

Rewarding shareholder loyalty – especially when there has been a rights issue within the last year or two – is also a factor. While it might be a bit crude to suggest that maintaining the dividend is one way to buy a bit more loyalty when a weak share price suggests bid vulnerability, a message of confidence in the future is a sound defensive move.

As share price falls at British Steel and Trafalgar House showed, it may not be enough to maintain the dividend this time while warning that the next one might be cut.

On the other hand, Mr Myners of GIM points to two examples – Coats Viyella and Midland Bank – where the share price recovered after results announcements in spite of a dividend reduction.

He is concerned that dividend distribution, in general, may have become too high through excessive increases in the good years. The chart shows that dividend cover in this recession is lower than during the last one. The income demands on companies may have become too strong through "too many investment packages based on a requirement for high distribution". "If they want income, they should buy bonds," Mr Myners says.

There is, however, one point on which fund managers should be able to agree: they would like companies to have a consistent dividend policy and to state the criteria they have used for fixing payments.

One said rather wearily that the decision seemed sometimes to be based on the finance director ringing up the broker to ask what the market was expecting.

A transparent policy would make it easier for companies' varying priorities to be properly understood.

Jane Fuller

Cash flow statements should be of help in diagnosing the health of a company

ONE USEFUL new feature of many companies' accounts this reporting season will be a cash flow statement designed to shed light on their financial strength.

The old source and application of funds statement, introduced in 1975, was often criticised for its obscurity. The new cash flow statement will accompany the profit and loss account and the balance sheet.

Some companies – including Hanson, Bass and Carlton Communications – have already produced the statement, which was introduced by the new Accounting Standards Board as its first financial reporting standard last year. It becomes compulsory for all medium and large companies with year ends after March 23 1992.

The majority of the information that the cash flow statement contains could be gleaned from the old source and application statement and notes to the accounts – for those with a calculator and incredible persistence.

The new statement makes some figures much easier to obtain, and reveals others which were not always provided in the past. It will also make far easier comparisons between companies, and with those in the US, which use a similar cash flow format.

Overall, the statement shows the patterns of cash generation and consumption. It indicates how tax, dividends and new investment are paid for – from operations or through new capital raised.

Through a note to the accounts, it also reveals figures – which are not reconciled in the statement – under the heading "analysis of changes in financing during the period", which show any debt acquired from acquisitions, and the effect of foreign currency translations.

One example of the new format comes from the most recent annual report of Wm Low, the Scottish supermarket group which issued a profits warning last week.

The majority of the information that the cash flow statement contains could be gleaned from the old source and application statement and notes to the accounts — for those with a calculator and incredible persistence.

It would be difficult to have predicted its current problems from the cash flow statement, but it does give insights into last year's operations.

For the year to September 7 1991 the company had a net cash inflow from operating activities (shown under this heading in the accompanying illustrated statement) of £27.8m. Note 24 to the accounts breaks the figure down further, showing that operating profit (as shown on the profit and loss account) was £22.3m.

The note shows net changes in stocks, debtors and creditors – the working capital of the business – are just £48,000. The small proportion of working capital to operating profit is typical of a cash-generative business like a retailer.

The note also shows a contribution from provisions of £374,000. These were made in the previous year for reorganisation and have now been written back, which has boosted operating profit beyond the figure derived from normal activities – a number to watch to see the underlying profit of the business.

Wm Low had returns on investments and servicing of finance consuming net cash of £7.1m, in which dividend and interest payments of £9m easily offset interest received of £2.1m.

The interest received has increased sharply from £215,000 in 1990. But the profit and loss account shows interest payments of only £556,000 for 1991.

The difference is explained by a large increase in the amount of interest which has been capitalised.

Adding the taxation charges of £8.9m shown on the cash flow statement to the returns on investments and servicing and the inflows from operating activities, Wm Low had net "revenue" cash inflows totalling £11.8m.

Companies with net revenue cash outflows are not necessarily unhealthy. They may be investing heavily with the expectation of increases in sales the following year, for example. But the figure does give some indication of how and whether a business is able to service its outgoings.

Adding back the dividend payments and dividing the sum by the number of shares would give a revenue cash inflow per share, which could be usefully compared with earnings per share. Other simple ratios show how far dividends or interest payable are covered by cash.

Under investing activities, Wm Low spent £41.2m buying tangible fixed assets. This represents its ambitious and continuing programme of expansion of supermarkets during the year.

This expansion programme has more than consumed the cash generated from a rights issue in December 1990, which is shown under the financing section.

The issue of new shares raised £38.5m, although the expenses paid to generate the money cost just over £1m.

Given a recent statement by the chairman that he intends to continue expanding space with further large expenditures in the future, Wm Low will clearly needs to turn to new sources of cash soon.

CONSOLIDATED CASH FLOW STATEMENT

For the period 2 September 1990 to 7 September 1991

		1991	1990
	£000	£000	£000
Net cash inflow from operating activities		27,797	28,397
Returns on investments and servicing of finance			
Interest received	2,052		215
Interest paid	(3,464)		(2,555)
Dividends paid	(5,694)		(4,908)
Net cash outflow from returns on investments and servicing of finance		(7,106)	(7,248)
Taxation			
Corporation Tax (including ACT) paid	(8,876)		(4,150)
Tax paid		(8,876)	(4,150)
Investing activities			
Purchase of tangible fixed assets	(41,154)		(30,005)
Sale of tangible fixed assets	100		883
Decrease in fixed investments	—		1,078
Extraordinary cost of proposed acquisition	—		(855)
Net cash outflow from investing activities		(41,054)	(28,899)
Net cash outflow before financing		(29,239)	(11,900)
Financing			
Issue of ordinary share capital	(38,502)		(345)
New medium term loans	(5,929)		(10,231)
Expenses paid on share issues	1,047		—
Net cash inflow from financing		(43,384)	(10,576)
Increase in cash and cash equivalents		14,145	(1,324)
		(29,239)	(11,900)

The notes to the Consolidated Cash Flow Statement are shown in note 24 of the Notes to the Accounts.

Analysis of the cash flow statement is certainly still not simple. Mr Clive Goodhead, project director for the cash flow statement at the Accounting Standards Board, frowns on the demand from users of accounts for a single key number or ratio which can provide all the answers on the health of a company. "To get sensible information you have to spend a lot of time looking at accounts," he says.

Andrew Jack

UK COMPANY NEWS

France Telecom poised to join BT's global alliance

By Hugo Dixon

FRANCE TELECOM seems close to winning its campaign to join Syncordia, British Telecommunications' global alliance.

The UK group was originally against the French state-owned company becoming a partner in the venture. It wanted only to do a deal with Germany's Deutsche Telekom and Japan's Nippon Telephone and Telegraph.

However, following persistent lobbying through both political and commercial channels, France Telecom has succeeded in winning the principle that it can be admitted. The exact terms of its involvement remain to be finalised.

Syncordia, based in Atlanta, Georgia, aims to provide multinational companies with comprehensive communications services.

It is part of a trend whereby telecommunications monopolies are trying to compete in foreign markets and provide global services.

The industry has been in a frenzy of match-making as companies manoeuvre to form

Iain Vallance: has run into a series of obstacles

alliances with the most attractive partners.

Mr Iain Vallance, BT's chairman, has been trying to attract Deutsche Telekom and NTT into the venture for over a year but has run into a series of obstacles. In particular, France Telecom has put pressure on the German company with which it has close ties, not to join unless it is also admitted.

A compromise has now been reached under which the German company is expected to on-sell part of the stake it buys from BT to the French company. BT itself is dealing directly with Deutsche Telekom rather than the French concern.

The size of the stakes and the number of directors each company would be able to appoint are still unresolved. BT originally wanted 48 per cent with the German and Japanese groups each receiving 26 per cent, but they were unhappy with the junior status this implied.

Marketing procedures, such as whether shareholders will compete with each other in signing up customers, have yet to be determined. Such arrangements will need to be carefully drafted if they are not to fall foul of the European Commission's competition regulations.

Meanwhile, NTT has to receive permission from its government to take part.

BT said there seemed to be a willingness from the German side to reach agreement.

Provident Financial 6% lower

By David Barchard

PROVIDENT FINANCIAL, the Bradford-based consumer finance group, saw pre-tax profits fall by 6 per cent, from £36.1m to £34.1m, for the year to December 31.

Mr John van Kuffeler, chief executive, said that the result was satisfactory when set against the failure of the UK economy to improve during the year and the fact that the group was without a chief executive for five months after the sudden death of Mr Peter Hogg in May.

Provident Personal Credit, the largest subsidiary which specialises in weekly collected credit, produced excellent results and kept tight control on its costs and margins, the company said.

Two other weekly collected credit companies in the group, HT Greenwood and Lawson Fisher, fared less well because of continuing re-organisation and the impact of the recession on bad debts and sales of merchandise.

Mr van Kuffeler said that profits rose by £5m to £38m for weekly collected credit as a whole.

Provident does not publish figures for its provisions against bad debt but the charge for the year was about 30 per cent up on 1990.

Halifax Insurance, the motor insurance subsidiary, reported a 46 per cent increase in the number of its policy holders, particularly in the woman motorist sector. Profits were slightly down because of increased thefts claims and the costs of expansion.

Colonnade Insurance Brokers increased its number of branches from 69 to 100 during the year.

Peoples Motor Finance suffered from the downturn in the car market and higher bad debts and its contribution to profits was about £1m below the previous year.

Steps have been taken to reduce costs and rationalise the branch network, by reducing the number of its branches from 13 to eight.

Provident's staff numbers are 6,700 compared with 6,867 in 1990 in spite of the Colonnade expansion.

Group turnover advanced from £318m to £360m.

Earnings per share came to 46.63p (48.05p) and a final dividend of 16.5p is proposed, bringing the total for the year to 25p (23.5p).

Bank of Scotland set to expand in Italy

By James Buxton in Edinburgh and Haig Simonian in Milan

BANK OF SCOTLAND is negotiating to take a stake in an Italian company which operates in the home loans market. It would be the first venture the Edinburgh-based institution has made in mortgage lending outside the UK.

The bank confirmed yesterday that it was negotiating with Finanziaria Italiana Mutui (FIM), the mortgage lending arm of Sopaf, the Milan-based merchant bank run by Mr Jody Vender, which has branched into a variety of property-related activities.

The size of Bank of Scotland's stake could be about 25 per cent or larger, but the bank is unwilling to give more details until a deal is concluded.

According to Italian press reports, both Bank of Scotland and SAI, the Italian insurance company, would take sizeable stakes in FIM in order to expand it. SAI is controlled by Mr Salvatore Ligresti, a controversial property developer who also has a dominant interest in Grassetto, one of Italy's biggest building groups.

Italy has a relatively large mortgage market, which has been buoyed by the high level of owner-occupancy and of second home ownership. About 65 per cent of Italians own their own homes, a figure similar to that in the UK.

Mortgage lending has been dominated by local and regional savings banks, and by co-operative banking institutions. However, glaring inefficiencies among many of the domestic players, notably in the time taken to negotiate mortgages, have attracted foreign participants, many of them from the UK.

Abbey National has opened eight branches since it arrived in 1989, while the Woolwich building society provides mortgage services for smaller regional and local banks. Both claim they can process a mortgage application within a week – whereas some Italian banks take up to six months.

In the case of FIM, the alliance of a foreign bank and a domestic insurer, linked with a builder and property developer, could produce a formidable combination.

Bank of Scotland last year took a 5 per cent stake in Sistemi di Monetica, an Italian credit card company. Its other foreign operations are a 30 per cent stake in Dorian Bank of Greece and a joint credit card venture with the Quelle mail order company in Germany.

Carbon Link buys German coal producer

By Leslie Colitt in Berlin

Carbon Link of the UK has acquired AUG, an eastern German producer of activated coal, from the Treuhand privatisation agency with the help of venture capital from the East German Investment Trust.

The purchase, for an undisclosed price, commits Carbon Link to invest DM20m (£6.9m) in AUG up to 1995.

Treuhand stressed that because of the sale to Carbon Link, AUG would not become an "extended workbench of west German companies".

Under the deal AUG is assured of the exclusive supply of coconut shell activated coal from Sri Lanka which is processed and marketed under the Precolith label. This rounds out the company's line of products to include all applications of activated coal: environmental protection, water treatment and removal of pollutants from air and water.

Finance costs behind 53% fall at Polly Peck arm

By John Murray Brown in Ankara

INCREASED financing costs after the collapse of Polly Peck International in late 1990 were responsible for the sharp fall in year-end profits reported by Vestel Electronik, PPI's Turkish consumer electronics subsidiary.

Profits after tax for the year to December 31 1991 fell 53 per cent to TL57.5bn (£6.32m) in spite of a 53 per cent jump in sales to TL1,304bn (£147m).

The results are even worse when set against Turkey's 71 per cent inflation rate in 1991, and reflect the company's continuing cash crisis since the PPI collapse.

Vestel is the second largest producer of colour televisions, with a 14 per cent share of the local market. The company floated 18 per cent of its equity in 1990.

However, the shares are currently languishing at about TL2,500 compared with their issue price of TL13,250.

The company exports about 20 per cent of production. It is also heavily dependent on imported components and was badly hit by the steady depreciation of the Turkish lira during 1991.

Before its parent went into administration in October 1991, Vestel relied entirely on PPI for short-term credit, financing its imports through letters of credit.

The company negotiated a line of credit with Goldstar, its Korean joint venture partner. In January Vestel raised $24m (£13.7m) selling an Istanbul property which was to have been the headquarters of all the PPI Turkish companies. Mr Tahsin Karan, president of Vestel, said that the proceeds would be used as working capital.

According to the latest accounts, Vestel still has outstanding trade debts to its parent company of $11m.

BOARD MEETINGS

TODAY

Interims- BBB Design, De Morgan, Dunton, Usher (Frank).

Finals- Brooks Tool Engineering, Cranbrook Electronic, English & Overseas Props, Lloyds Bank, Trifion.

FUTURE DATES

Interims-	
Cornwell Parker	Mar. 9
Coronation Syndicate	Mar. 12
Logica	Mar. 10
Waterman Partnership	Mar. 28
Whinney Mackay-Lewis	Feb. 27
Finals-	
Bilam (J)	Mar. 2
Capital & Counties	Feb. 25
Doeflex	Mar. 2
Expamet Intl	Mar. 3
Grahams Rintoul Inv Tst	Mar. 3
Harrington Kilbride	Mar. 2
Hewitt	Feb. 24
Haywood Williams	Mar. 4
MTM	Mar. 5
Merlin Intl Green	Feb. 25
More O'Ferrall	Mar. 5
Radius	Mar. 5

FT LAW REPORTS

Ship's first arrest has priority

THE RUBI SEA
Queen's Bench Division (Admiralty Court):
Mr Justice Sheen:
February 5 1992

A PLAINTIFF who arrests a ship in good faith in the first of two actions *in rem*, preserves it within the jurisdiction for the benefit of all other claimants and therefore, after the Admiralty Marshal, has a priority claim for payment of the costs of arrest out of the proceeds of sale of the ship sold by court order in the second action.

Mr Justice Sheen so held when giving judgment for caveators, Ince & Co and another, on an issue as to priority of entitlement to payment out of monies in court representing the proceeds of sale of Rubi Sea, on an application by the plaintiff, Hambros Bank Ltd, for payment out in respect of its action *in rem* against the ship.

HIS LORDSHIP said that on June 7 1991 a writ *in rem* against Rubi Sea was issued out of the Admiralty and Commercial Registry.

The claim endorsed on the writ was for $121,641 for goods and materials supplied to Rubi Sea at the port of Houston at her owners' request.

On the same day a warrant of arrest was issued.

The ship was arrested by the Marshal's substitute on Saturday, June 8 1991, at her berth at Simon Storage, North Side, River Tees.

On June 10 a writ was issued by Norton Rose on behalf of Hambros Bank in respect of a claim for $3.38m and interest due to the bank, secured by a mortgage on Rubi Sea.

On June 12 Ince & Co released the ship from arrest.

She was immediately re-arrested in respect of the claim by Hambros Bank.

On June 18 Hambros Bank applied for and obtained an order for leave to make payments to the master, officers and crew of Rubi Sea in respect of wages and repatriation expenses.

On June 27 the court adjudged that the mortgage was valid and gave judgment for Hambros for $3.4m, and costs.

The court ordered that Rubi Sea be appraised and sold by the Admiralty Marshal.

In due course the ship was sold for $3.5m, less the Marshal's costs amounting to £15,619. Her bunkers were sold for $21,129, less the Marshal's costs of £127.

The proceeds of sale had been brought into court.

In addition to the two claims there were also seven caveats against release of the funds.

Ince & Co had incurred £1,126 costs in connection with the first arrest.

It was argued on behalf of Hambros Bank that Ince & Co were not entitled to recover their costs of arrest because they had not shown, and could not show, that that arrest conferred a benefit on the mortgagees.

In *The Falcon [1981] 1 Lloyd's Rep 17* his Lordship had said that the proceeds of sale of a ship sold by court order should be used first to pay the Admiralty Marshal's charges and expenses; and second, to reimburse the plaintiff, who had incurred expense in preserving the property by arresting the ship and maintaining that arrest.

He said: "If there is more than one action and if the ship is appraised and sold by an order made in a second or subsequent action, the plaintiff in the first action should make application to the court for reimbursement of the expenses of preserving the property. The court will so order unless he has acted in bad faith."

The argument advanced for Hambros Bank was that they would have arrested the ship on June 12 in any event, and that no property was preserved for them by the arrest by Ince & Co. A solicitor who acted for a client with a claim in respect of which an action *in rem* might be brought against the ship in connection with which the claim arose, had a duty to his client to serve that writ on the ship and arrest the ship at the earliest opportunity.

A warrant for arrest would not be executed until there had been lodged in the Marshal's office an undertaking to pay on demand the fees of the Marshal and all expenses incurred by him in respect of the ship's arrest and the care and custody of it while under arrest (RSC Order 75 rule 10(3)).

That undertaking was normally given by the plaintiff's solicitor personally.

In such circumstances the solicitor could not be expected to delay giving instructions to arrest while he made inquiries as to whether a claimant with a higher priority was intending to enforce his claim and, if so, whether the ship would remain within the jurisdiction of the court long enough for that other claimant to arrest her. The "other claimant" might change his mind.

The plaintiff who first arrested the ship preserved the property on behalf of all claimants by arresting the ship within the jurisdiction.

There was no suggestion that Ince & Co acted in bad faith.

Accordingly the order would be that they should recover their costs of the arrest in priority to all claims other than the Admiralty Marshal's charges and expenses.

For Hambros Bank: Simon Kverndal (Norton Rose).

For two of the caveators: Ince & Co and Ingledew Brown Bennison & Garrett.

Rachel Davies
Barrister

UK COMPANY NEWS

Redland's management record under fire in new line of defence

Steetley attacks the German angle

By Jane Fuller

STEETLEY, the building materials group fighting a £639m hostile bid, yesterday launched an attack on Redland aimed at undermining faith in its assailant's management record and overseas expansion.

It accused Redland of being too dependent on Germany, of making "a costly mistake" in plasterboard and of needing Steetley to ease tax problems. The arguments were set out in a document urging shareholders to reject the bid, following Redland's reopening of hostilities on Wednesday.

Redland's German profits have helped to cushion it against the effects of UK recession. However, Mr Richard Miles, Steetley's managing director, said Redland now looked over-dependent on Braas, the German roof tile company, which last year was thought to have contributed nearly half of group operating profits.

Because Redland only owned 51 per cent of Braas, it had limited control over both cash flow and the board. The outlook in Germany had, in any case, deteriorated because of slower growth and increased competition.

Steetley accused Redland of issuing a flood of paper. Mr Miles said if the all-share bid succeeded and the new paper were added to last year's 1-for-5 rights issue, the group's equity would be increased by 72 per cent compared with this time last year.

He said that the March rights issue price had been 510p, while the underwriting of new shares for the bid had been done in part at 410p.

The issuing of more shares while UK profits had been falling had aggravated the ACT problem. Acquiring Steetley would not provide a complete cure, he pointed out.

As for plasterboard, where Redland owns a minority stake in a joint venture, Steetley estimated that Redland had lost £50m through its foray into this market.

Mr Miles said of the document: "It blasts holes in the carefully manipulated myth that Redland are good managers."

Mr Gerald Corbett, Redland's finance director, retorted that Steetley's "profits have collapsed, their gearing is high, their dividend is uncovered and their joint venture with Tarmac has been referred to the MMC."

Before bid speculation began last November, he said its share price had underperformed the FT-A Building Materials Index by about 25 per cent over 12 months.

He said Steetley had not understood how the German company worked and had received the wrong message about the German market, which remained buoyant. The plasterboard episode was largely history and he disputed Steetley's estimate of losses. There had been no flood of paper: last year's rights issue was the first since 1986. And on tax, he said Redland had managed to keep its rate low for 10 years, whereas Steetley's most recent rate was 37 per cent.

See Lex

Yorkshire Chemicals' £11m pleases City

By Angus Foster

SHARES IN Yorkshire Chemicals, the dyes and specialist chemicals group, rose 34p to a record 644p yesterday after the company announced a rise in profits and said sales in 1991 ended "very strongly".

Pre tax profits improved to £11m (£10.8m), at the top end of City forecasts, on turnover of £92.8m (£81.6m).

Mr Phillip Lowe, chair man and managing director, said: "We've come through two years of very difficult trad ing conditions, and we are confident we will improve in fundamentals again this year."

Yorkshire Colours, the largest division, reported a slight fall in operating profits to £8.3m as capacity constraints affected margins. Yorkshire Americas was affected by recession in the US and by expansion costs.

But Yorkshire Specialty Products and Yorkshire Australia both increased turnover and operating profits, partly due to acquisitions.

Interest charges increased to £1.1m, reflecting borrow ings taken on to fund an expansion programme. Gearing, based on net borrowings of about £2m, remained under 5 per cent.

Earnings per share improved to 40.1p (37.8p). A recommended final dividend of 9.75p makes a total for the year of 14.5p (13p). A 1-for-1 scrip issue is also proposed.

● COMMENT

The market's enthusiasm for Yorkshire's results was more a response to despondency with the rest of the sector. While the outlook for chemical groups remains gloomy, Yorkshire is being rewarded for maintaining sales in niche markets. Whether the shares can go much higher at this stage is more difficult, especially given their almost vertical ascent since late 1990. Analysts' upgraded forecasts for 1992 of £12m-£12.5m put the shares on a prospective multiple of 14 which may not be excessive. But capacity constraints at Yorkshire Colours will remain a problem for most of this year. New facilities will not be commissioned until the second half and will not come fully into play before 1993, presumably in time for a cyclical upturn. Exchange rates remain the other intangible, especially for a company which now derives 92 per cent of sales outside the UK. The risks have decreased since sterling's entry into the ERM, but more than 40 per cent of sales are sensitive to the dollar, either directly through the US or indirectly through Asia. After Yorkshire's £1m loss on exchange movements in 1990, investors need to be be sure movements this time are more friendly.

Govett shareholders requisition EGM

By Philip Coggan, Personal Finance Editor

SHAREHOLDERS in Govett Atlantic Investment Trust have requisitioned an Extraordinary General Meeting and called on the managers to present plans to enable shareholders to realise their holdings at net asset value.

ST Partners, a vehicle for American investor Mr Andrew Shechtel, and Buchanan Partners, a London-based investment group, which each hold about 5 per cent of the equity capital, have requisitioned the meeting.

Investors holding a further 14.5 per cent of the equity have agreed to support the motion which calls for the directors to produce "proposals for unitisation or other methods of substantially narrowing the discount".

In January, Govett Atlantic said it was giving consideration to a scheme of capital reconstruction designed to achieve this purpose.

Acquisitions help lift Fairway 68% to £1.8m

INCLUDING three acquisitions, Fairway (London) lifted sales to £19.8m and pre-tax profit by 68 per cent to £1.77m in 1991. The figures compared with £8.36m and £1.05m respectively.

The group supplies business and computer stationery. It bought GLS, supplier to publicly-owned schools, educational establishments and councils, Tonbridge Trade Binders, and Systemforms. GLS cost £2.3m and the group raised £6m via a rights issue to meet that cost and provide working capital.

Mr Gordon Waddell, chairman, said overall group results were satisfactory. GLS made a substantial contribution for the seven months, Tonbridge results were creditable, and Hickey's Trade Bindery also performed satisfactorily.

At Fairway Business Forms and Systemforms profits were substantially below last year.

Earnings per share rose to 5.14p (4.17p). The final dividend is 2.15p to make 3.15p on the increased capital (3p).

Bespak to spend $58m expanding US market

By Angus Foster

BESPAK, a maker of specialist aerosol valves for the pharmaceutical industry, plans to increase its presence in the US through the acquisition of Tenax Holding Corp, a privately-owned moulder of plastic medical components, for $58m (£33.1m).

The takeover will be funded via a 3-for-8 rights issue, the second in less than a year, at 410p to raise £25.5m. The rest of the cost will be met through bank borrowings, taking Bespak's borrowings as a proportion of shareholders funds to about 20 per cent.

The shares closed up 3p at 504p.

In the announcement the group also forecast that pre-tax profits for the year to end-May would be not less than £6m, against £4.42m last time.

The directors intended to recommend a final dividend of 5.5p to lift the year's total from 8p to 9p.

Mr Alun Hicks, finance director, said the takeover allowed Bespak to expand its range of products and customers and give it a greater presence in the US. "All the pharmaceutical companies are addressing international markets, and we too need an international perspective," he said.

There might be some cost savings from overlap between Bespak and Tenax's North Carolina manufacturing plants.

Products of Tenax are mainly used in minimal invasive, or "keyhole", surgery. The company relied on US Surgical, a leader in the field, for more than half its sales in 1991.

Tenax also makes components for devices to treat respiratory problems such as asthma. This fits with Bespak, which is best known for its aerosol valves sold with Glaxo's asthma medications like Ventolin.

In the half year ended December 31 1991 Tenax recorded profits before tax and interest of $3.5m, compared with $4.1m previously.

The fall was caused by start up costs on new facilities and slower sales of an anti-nerve gas injector, which had sold well to the US military during the Gulf war.

Profits this year are expected to be flat, according to Mr Hicks.

Shell profits depressed by decline in oil prices

By Deborah Hargreaves

SHELL'S earnings from exploration and production were depressed by the decline in the oil price last year.

For the full year profits from exploration and production fell by £384m to £1.44bn.

The company said it expected its oil production to continue to rise this year, following last year's increase of 10 per cent.

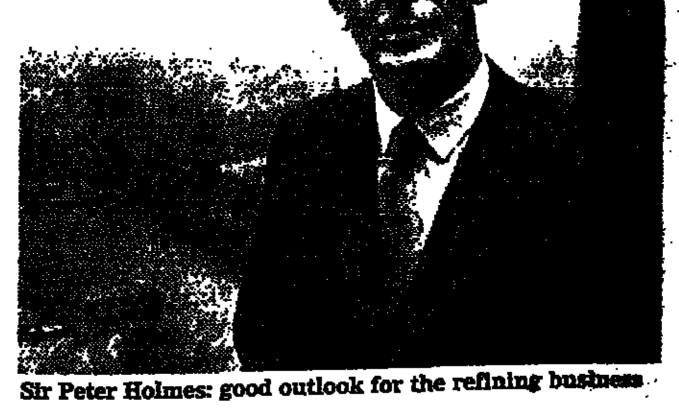
Growth areas were cited as the UK, Gabon, Syria, Malaysia and Colombia.

Gas production rose last year by 8 per cent to 6.56bn cu ft a day. Shell expects sales to increase this year in the UK, Denmark, Malaysia and Australia.

The company experienced a record year in its refining and marketing operations where replacement cost profits rose by more than 40 per cent to £1.62bn from £1.15bn.

Oil product sales increased by 2 per cent over the year and the amount of oil refined rose by 5 per cent to 3.6m barrels a day (b/d) – the highest for more than a decade.

Sir Peter Holmes, Shell's chairman, said this year's outlook for the refining business continues to be good since capacity in the Far East market remained tight. But analysts doubt that 1991's performance can be repeated without the special circumstances of the Gulf war, which caused a large jump in refining margins.



Sir Peter Holmes: good outlook for the refining business

The results were hit by the drop in the contribution from its chemicals division, where profits slipped to £23m for the year from £519m in 1990. The group's coal operations also incurred a loss of £33m.

Earnings per share for the year dropped from 39.6p to 24.9p.

The group's capital expenditure rose to £8.5bn, up from £5.9bn in 1990, and Sir Peter said the company would spend another £6.5bn this year.

The fourth quarter showed a sharp drop in group income on a replacement cost basis from £963m to £492m following a decline in the oil price and a loss in the chemicals business.

Surprise sale of Greencore stake by Irish government

By Tim Coone in Dublin

IN A surprise move which caused considerable annoyance on the Dublin stock market, the Irish government yesterday sold a third of its 45 per cent holding in Greencore, the Irish sugar and foods group.

The 12.5m shares were sold at 265p each to the Investment Bank of Ireland, an institutional fund manager for a number of Irish pension funds.

The sale has breached an undertaking made by the ministry of finance in April last year at the time of Greencore's flotation, that the government would not dispose of any further shares in the company for at least two years unless there were unforeseen circumstances. The company was floated at 230p per share.

Mr Bertie Ahern, the finance minister, justified the move, saying that circumstances had changed because of new budgetary pressures resulting from 1992 public sector pay awards.

He said "it had been the original intention to make the disposal later in the year and thus stay as close as possible to the two years mentioned . . . but a firm bid at a fair price came through one stockbroker acting for an institutional fund manager who was prepared to hold the shares."

Dealers in Dublin said they were "shocked", especially as Greencore shares were being bought at between 270p and 280p during the week, and no effort was made to make a pro-rata offering to existing shareholders at the discounted price.

The market found out about the deal at 11am yesterday, but the Dublin Stock Exchange was apparently not informed until late in the afternoon. One dealer said: "It was disgraceful as far as overseas investors are concerned." Some 1.7m shares were later released onto the market, calming some of the outrage.

The finance ministry said "it was a difficult choice to make" but that a sale to a single bidder was considered "orderly from the market's point of view".

The ministry added that "there is categorically no question of any further share sales this year."

Ward £14m in red following exceptionals

By Roland Rudd

Ward Holdings, the Kent-based housebuilder and property group, yesterday said the poor state of the housebuilding market had contributed to a pre-tax loss of £14m for the year to October 31.

The deficit, which compared with profits of £3.93m last time, included £12.2m of exceptional charges, relating to a write-down in the value of the land bank.

Losses per share were 19.1p (earnings 4.7p); the final dividend is passed leaving a total of 0.5p (2.6p). Turnover fell from £35.4m to £22.9m.

Expectations of a housing recovery which never materialised adversely affected the group.

The house construction division was worst hit, incurring a loss before exceptionals of £3.39m (profit £1m).

The exceptional number of house repossessions in the south-east, together with rising white collar unemployment, continued to overshadow the market.

Better news came from the property investment and commercial development business which remained in the black, reporting a decline in operating profits to £2m (£3.52m).

NEWS DIGEST

Headline doubled to £1.3m

IN ITS first year as a public company Headline Book Publishing saw pre-tax profit double to £1.3m.

The result compared with £637,000 for 1990, and was boosted by a swing from net interest payable to net interest receivable after the flotation last April. At December 31 cash stood at £1.3m.

Earnings per share rose to 9p (6.9p) and the final dividend is 2.5p for a total of 3p.

Sales were up 35 per cent to £11.3m and operating profit rose 45 per cent to £1.32m. The margin increased from 10.9 per cent to 11.8 per cent principally because overheads were cut to 32.9 per cent of sales.

Mr Tim Hely Hutchinson, managing director, said the substantial sales growth was achieved by the policy of increasing investment in publishing lists. Backlist sales of books published in previous years rose 30 per cent, and continued to build one of the most important elements in the group's longer-term strategy.

Bensons pulled back by potato shortage

Principally because of potato shortages last summer, Bensons Crisps saw pre-tax profit fall from £1.36m to £1m in the year to November 30 1991.

Mr Malcolm Jones, chairman of this USM-quoted company, said the quality of old crop potatoes in June was "extremely poor" and there was a shortage of new crop potatoes in July. The group ran up excess costs of £300,000 through higher prices paid for "spot" potatoes, lower yields, factory standing time and lost sales through limited production.

The pattern of forward purchases for 1992 has been changed to reduce the risk of any recurrence, the chairman stated.

Sales rose to £26.3m (£22m). There was a significant switch in consumer purchasing from standard packs to multipacks, with their inherent lower margins. In addition, higher priced products suffered under consumer down-trading.

Earnings came to 9.8p (12.5p). The final is held at 2.15p for a total of 2.85p (2.75p).

Maiden interim profit at Colorgen

Colorgen, the US-based colour matching specialist traded on the USM, experienced a profitable first half for the first time in its history.

In the six months to December 31 it lifted turnover from $2.38m to $3.93m and produced a pre-tax profit of $83,000 (£47,500). The loss in the corresponding half was $332,000. Earnings per share were 0.5 cents (losses of 22 cents).

Mr John O'Brien, chairman, said trading continued to improve despite difficult conditions in the coatings industry. The installed base of products was expanding with existing and new customers in North America and Europe. The second half had begun well.

Throgmorton Trust asset value up 20%

Net asset value of The Throgmorton Trust, after deducting prior charges at par, amounted to 70.2p per share at November 30, an advance of 20 per cent over the year.

Net revenue dipped to £7.44m (£7.51m) for earnings of 2.63p (2.65p) per 5p share. A final dividend of 1.4p is recommended, lifting the total for the year to 2.3p (2.15p).

Sir Ian Stewart, chairman, said progress had been made in disengaging from investments in trading subsidiaries to return the trust to its traditional role of investing in smaller listed companies.

Gloomy SWP falls to just £31,000

The slowdown at SWP Group, which serves the construction industry, continued and first half profits fell from £520,000 to £31,000 pre-tax.

Mr Robert Stickings, executive chairman, said as far as the group was concerned the recession was most severe in the metalwork businesses which serve the commercial and industrial markets.

Those markets continued to decline and were not expected to show any recovery in 1992, he added.

The group's makes timber components, spiral staircases and architectural metalwork and balustrading. The recent acquisition of Industrial Metal Products moved it into the field of energy efficient industrial and commercial lighting.

Group turnover fell to £3.65m (£5.21m) and operating profit to £98,000 (£557,000).

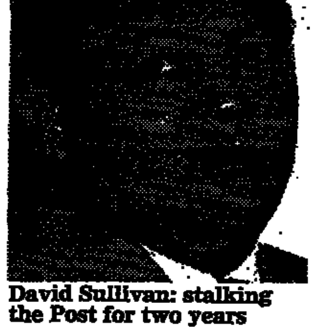
Earnings per share worked through at 0.1p (1.4p).

Sullivan has 10.15% stake in Bristol Post

Mr David Sullivan, proprietor of The Sunday Sport, has increased his stake in the Bristol Evening Post to 10.15 per cent, through the purchase of 25,000 shares.

Mr Sullivan, once the owner of Britain's biggest chain of sex shops, has been stalking the Post for some two years in the hope of using it as a base from which to launch a middle-market national daily paper.

So far his efforts have yielded a snub from the Monopolies and Mergers Commission, and failure to win a seat on the Post board.



David Sullivan: stalking the Post for two years

Fleming Enterprise net assets slip

Fleming Enterprise Investment Trust's net asset value per share was marginally lower at 159.6p on December 31 compared with 160.1p a year earlier and 165.8p at the June 30 year end.

Net revenue for the period was £1.12m compared with £1.16m and earnings were 2.79p against 2.9p. The interim dividend has been raised from 1.2p to 1.3p per share; last year's total was 4.3p.

Exploration Co and El Oro decline

The Exploration Company, the principal activity of which is dealing in investments and which owns about 45 per cent of El Oro Mining and Exploration, reported a 22 per cent fall from £3.18m to £2.47m in pre-tax profits for the 1991 year.

Earnings per share were 14.15p (18.25p) and the dividend is maintained at 12p.

El Oro, which now holds just over 6 per cent of the Exploration Company, also incurred a setback in pre-tax profits for the same 12 months, from £2.5m to £1.97m. The dividend is a repeated 24p from earnings of 30.37p (37.69p).

GR (Holdings) sinks to £0.4m

Pre-tax profits of GR (Holdings) slumped from £762,000 to £414,000 in the half year to December 31 1991.

Turnover was slightly lower at £3.45m, against £3.55m. The group runs Grayshott Hall health centre, deals in property and investments, and processes and merchants sheepskins.

Earnings per share were halved to 1.5p (3.1p). The interim dividend is again 0.4p but is accompanied this time by a special 25p payment.

Setback for Dublin glass manufacturer

Ardagh, the Dublin-based glass manufacturer, incurred its first setback in many years with a fall from I£2.35m to I£2.1m (£1.95m) in taxable profits for the 26 weeks to December 24.

The result was struck on turnover little changed at I£17.3m compared with I£17.4m last time.

Mr R Ian Morrison, chairman, said that economic recovery worldwide was proving more elusive than originally predicted and was tending to have an adverse impact on the performance of the glass industry throughout Europe.

The interim dividend has been maintained at 0.725p from earnings of 5.36p (5.63p).

River & Merc income assets up

River and Mercantile Trust reported increases in the net asset values of its stepped preference shares – from 121.55p to 127.63p – and its income shares – from 58.87p to 63.18p but there was a fall from 121.57p to 117.3p in the asset value of the capital shares.

Net revenue for the year to December 31 was £6.91m against £6.65m. A final dividend of 3.68p maintains the total at 8.48p on the increased capital. Earnings per income share rose from 8.5p to 8.81p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Ardagh	int	0.725♣	Mar 27	0.725	-	3
Bensons Crisps	fin	2.15	Apr 29	2.15	2.85	2.75
El Oro Mining	fin	24	Apr 3	24	24	24
Exploration Co	fin	12	Apr 3	12	12	12
Fairway (Ldn) §	fin	2.15	Apr 7	2	3.15†	3
Fleming Entrprse	int	1.3	Apr 3	1.2	-	4.3
Glaxo	int	6☆	May 1	4.25	-	14
GR (Holdings)	int	25.4‡	Mar 19	0.4	-	2.15
Headline Book	fin	2.5	May 15	-	3	-
Inv Tst Guernsey	fin	1.8★☆	May 7	1.65	2.55	2.35
Provident Fin	fin	16.5†	Apr 24	15.5	25	23.5
River & Mercant	fin	3.68†	Apr 9	3.68	8.48	8.48
Shell Transport	fin	12	May 18	11.7	20.9	20.1
Smaller Cos Tst	fin	1.3	Apr 24	0.7	2.5	0.7
Throgmorton Tst	fin	1.4	Apr 3	1.25	2.3	2.15
Ward Holdings	fin	nil	-	2.1	0.5	2.6
Yorks Chemicals	fin	9.75	Apr 10	9	14.5	13.5

Dividends shown pence per share net except where otherwise stated. ★Gross. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Scrip option. ‡Includes 25p special. ♣Irish currency.

TECHNOLOGY

Louise Kehoe describes the race to build more powerful computers at cheaper prices

Faster than a speeding chip

A new generation of microprocessors that promises to improve the speed and performance of computers was unveiled in San Francisco this week.

Digital Equipment, Hewlett-Packard and Sun Microsystems each described "superscalar" devices upon which they will base their future products. These super chips will be the engines of tomorrow's computers and will determine the fortunes of some of the world's leading computer companies.

Used alone, they will power workstations that bring the performance of a supercomputer to the desktop. Banded into groups for "multiprocessor" systems they will be used to create machines that will usurp traditional minicomputer, mainframe and supercomputer designs by reducing the cost of computer power.

Traditionally, the announcement of new semiconductor designs has signalled the direction of computer products two or three years in advance. However, the new microprocessors unveiled this week will be incorporated in computers scheduled for shipment to customers later this year.

The front runner in the superscalar speed race is Digital. Its "Alpha" chip can achieve a theoretical peak performance of 400m instructions per second (mips). Typical performance in a computer system is expected to be 150 mips.

The speed advantage of superscalar microprocessors comes from their ability to process more than one instruction simultaneously. Traditional microprocessors carry out one calculation at a time.

The pace at which new instructions are fed to the microprocessor is also much higher. Digital's Alpha chip, for example, operates at a 200 MHz clock rate, several times faster than the microprocessors used in today's personal computers and workstations.

For Digital, the Alpha chip represents the culmination of a four-year effort to create a computer architecture that will enable the company to reclaim technology leadership. "Alpha is the core technology for the company's future," says Peter Graham, project manager.

Alpha will drive a new family of products ranging from workstations to mainframe computers which Digital plans to announce soon, with shipments to begin before the end of the year. Alpha systems will be about three times faster than equivalent systems in its Vax product line. Digital is engaged in talks with Microsoft about putting "Windows NT" software on Alpha systems. Unlike other microprocessors, Alpha is designed to run any operating system, including new ones that may emerge towards the end of the decade, Digital says.

With the launch of the Alpha chip Digital is also adopting new business strategies. In a break from past practice, the company will license the design to chip makers for sale to other computer companies. It will license Alpha software and if required provide support services to companies designing Alpha-based systems.

Already, Cray Research, the leading supercomputer manufacturer, has said that it will use the Alpha chip to build a "massively parallel" supercomputer – which will process thousands of instructions simultaneously. Next week, Digital is expected to announce another licensing arrangement with a computer company that will build Alpha computers.

While Digital's Alpha chip is a new computer architecture, HP has applied superscalar techniques to accelerate the performance of the PA-Risc microprocessor design that it uses in workstations and multiprocessor minicomputers.

The HP chip will boost computer system performance by more than 50 per cent, the company claims. HP has working prototypes of computers based upon the chip in its development facilities and plans to introduce them before the end of the year.

HP's plans include a desktop workstation with a performance rating of more than 100mips. That is four to five times faster than current products from competitors.

HP maintains that its superscalar version of PA-Risc will enable the company to maintain its lead in system performance, despite Digital's claims for its new Alpha chip. "We deliver the powerful systems today that other companies are now just talking about building some time in the future," says Willem Roelandts, vice president and general manager of HP's networked systems group. "Producing a fast chip is only the first step".

For Sun Microsystems, however, applying superscalar technology to its existing Sparc microprocessor has proven to be a challenge. Unlike Digital and HP, Sun does not have in-house semiconductor manufacturing facilities.

Sun has been working with Texas Instruments to implement the superscalar version of its Sparc Risc microprocessor. The SuperSparc represents a critical development for Sun, which is trailing competitors HP and IBM in terms of workstation performance.

The performance of Sun's SuperSparc is expected to be about 85 mips, well below that of Digital's and HP's new devices. It may also, however, be cheaper to produce.

Despite its slower speed, the new Sparc chip is ensured a leading role among this new generation of microprocessors. Sun, ICL and other Sun partners have announced plans to market computers based upon the SuperSparc chip this year.

IBM is already one lap ahead in the microprocessor speed race with its "Power" microprocessor architecture, used in the RS/6000 range of workstations. IBM is now believed to be developing several versions of the "Power" chip including low-cost models for use in PCs and high-performance versions that will continue its challenge in the workstation market.

Nor can Intel, the microprocessor market leader, be counted out of the race. The chip maker is preparing to launch a version of its "x86" microprocessor family later this year based upon a superscalar design with performance of close to 100 mips.

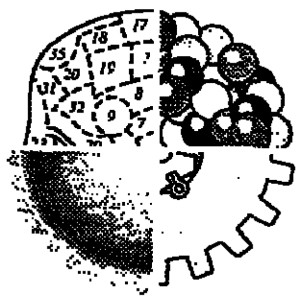
While the microprocessor chips described this week by US companies are destined to become the powerhorses of the computer industry, two of Japan's electronics giants, Hitachi and Fujitsu, provided a glimpse of the types of microprocessor chips that can be expected in the next century.

Hitachi described an experimental microprocessor that is capable of processing one thousand instructions per second. Fujitsu unveiled what it calls a "single chip supercomputer". The Fujitsu device is designed to work next to a standard microprocessor acting as an accelerator to enable even a standard PC to achieve supercomputer processing speed. Add-on circuit boards containing the chip will be on the market by the end of the year, according to the company.

The impact of this new generation of chips upon the cost of computer power will be striking. "The trend is really frightening," declares Roelandts. "Before long you will be able to buy desktop supercomputers for $10,000." Today, supercomputers sell for millions of dollars.

The speed of superscalar microprocessors also raises the question of what computer users will do with so much computing power. "These devices will bring speech processing, image processing and artificial intelligence applications within the reach of most computer users." Roelandts predicts. He also suggests that with faster response times computers will raise office productivity by eliminating the delays that interrupt workers.

While computer users will look forward to cheaper, more powerful machines, the price/performance trend threatens to undermine the economies of the industry which is struggling to find cheaper ways to deliver more powerful computers at decreasing profit margins. By the end of the decade only three or four microprocessor architectures are expected to survive as industry-standard devices. The rest may prove to be expensive losers.



WORTH WATCHING

by Della Bradshaw

Single market is fast approaching

MOST British companies are aware of the single European market. But many are unaware of exactly how it will affect their business.

National Westminster Bank is now giving a hand with Pharos, a program designed to run on IBM-compatible personal computers. Once the floppy discs are inserted into the machine the software can be used to select information that is relevant to that company's business.

Developed by the bank in conjunction with Ernst & Young and the Confederation of British Industry, the software asks the user questions about his or her company – products, suppliers, customers and so on. Using expert systems technology the software then provides advice about how the single market will affect customers and products.

The software helps customers to identify the main questions they need to ask and then gives some sources of advice. Pharos is available free of charge, although updates to the software – planned at two a year – will include a fee.

In defence of the neem tree

THE neem tree, a native of India and Burma and a cousin to the mahogany, could provide third world countries with *everything from pesticides* to contraceptives, as well as providing the means to reforestation in the tropics.

According to a report from the National Research Council, in Washington DC, the drought-tolerant tree has internal chemical defences which protect it from leaf-*chewing insects – about 200* different species in all as well as mites, fungi and bacteria. But it is non-toxic to humans and other animals.

Combined with its antiseptic and antifungal activities, this makes the neem tree ideal for products such as pesti-*cides as well as toothbrushes*, soap and oils, says the report, Neem: A Tree for Solving Global Problems. Because the oil of the neem is a strong spermicide, it could also be used in contraceptives.

Smart card takes charge of meter

EVEN THE traditional British gas meter looks set to be replaced by a high-tech alternative.

British Gas, together with Landis & Gyr Energy Management, of Telford, has developed a smart card system, called Quantum, which is now *on trial and looks set to* replace the coin meter.

To use the system the gas consumer takes his or her gas card along to their local newsagent or convenience store where the shopkeeper credits gas on to the card using a special counter-top charging unit – a minimum of £1 or a maximum of £9 can be put on the card. Information from the newsagent is collected by the British Gas regional accounting centre over the phone network on a daily basis.

By inserting his or her gas card in the "slot", the gas user can see the amount of gas credited on a liquid crystal display incorporated into the unit. As gas is used, the amount credited drops.

Software goes multinational

THE multinational company that wants to standardise on *a single software package* faces an enormous language problem. A package written in English will be easy to use in the US or UK but employees in Germany or Saudi Arabia may have problems.

To help alleviate this Seagull Business Software, of the Netherlands, has devel-*oped the Text Translation* Tool (TTT) which enables the company to translate between most languages. These include Hebrew, Arabic and Farsi.

To do this TTT, sold in the UK by Solution One, of Tewkesbury, extracts text from software written for *mainframes or minicomputers* and transfers it to a PC. The human translator then types over the words or phrases in the new language. TTT integrates the new text into the original software.

Optical disc doubles data

HOW do you cram more data on your optical disc? The answer could be a technique developed by Toshiba in Japan which, the company says, more than doubles the data recording density of today's optical disc-based recording systems.

Using a visible red laser diode, made from indium gallium aluminium phosphide (InGaAlP), researchers have managed to squeeze 72 megabytes of data – enough to record some 14m words – on to one square inch of disc space. The laser operates at the relatively short wavelength of 690 nanometres which produces a smaller beam size and so allows data to be recorded at a higher density.

Sound around the houses

A SOUND system, which upstages today's two-speaker stereo sound by giving the impression that music is coming from all around, has long been promised. Now Perfect Pitch, of London, has developed a system called Om which, it believes, will bring such a technique within the price range of smaller recording studios.

The technique requires the home stereo user to buy no extra equipment. Instead, a piece of studio equipment, incorporated at the mixing stage, filters the sound by reflecting it off an electronic circuit. This fools the ear of the listener, when playing the music at home, into thinking that it is emerging from in front, behind and from each side – rather than from the two speakers.

Using these psycho-acoustic techniques Perfect Pitch has been able to produce its equipment, which is marketed by Select Systems, of Hanworth, Middlesex, for £3,500.

Contacts: National Westminster Bank: UK, 071 931 1465. National Research Council: US, 202 334 2000. British Gas: UK, 081 216 3807. Seagull: Netherlands, 78 12 18 55; US, 619 486 1848. Solution One: UK, 0242 520078. Toshiba: Japan, 03 3457 4511. Select Systems: UK, 081 893 8682.

Fall in US wheat sowing may lead to spring surge

By Nancy Dunne in Washington

AN UNEXPECTED decline in the acreage of US farmland planted with winter wheat might encourage farmers to increase their planting of spring wheat, a US Agriculture Department economist said yesterday.

The drop in winter wheat acreage to 50.22m acres, along with tight US stocks, has helped boost wheat prices in recent weeks. Instead of the 4 to 8 per cent increase in wheat sewings the industry had predicted this year as a result of a steep reduction in the 1991 US acreage set-aside programme, farmers created a stir in the commodity markets by reporting a 1.6 per cent decline in planted acreage.

"Because prices have gone so high, we can expect higher planting of spring wheat," the USDA economist said. "There could be late planting of winter wheat in places like Kansas, which may not be high yielding but could have a little effect on supply."

Wheat farmers in Texas and parts of Oklahoma, who often use their wheat acreage for grazing or haymaking, may be encouraged by the high prices to harvest it, thus adding further to wheat supplies.

Cargill, the giant US grain house, is attributing the decline in winter wheat acreage to the US farm programme. "Where is all the land that was in production in the early 1980s," it asked in its recent bulletin. "In some cases, it sits idle. . . the Conservation Reserve Program has locked up 35m acres, making them unavailable for planting at nearly any price. "The reduction – nearly 11m acres once devoted to wheat – simply means the US productive base is significantly smaller, capped at current levels."

According to Cargill, USDA "tinkering" with set-asides has disrupted US supplies, jeopardised market reliability and interfered "with the few remaining price signals that come from the market rather than the government".

Other farm organisations have differing explanations. An official for the Family Farm Coalition said many farmers had difficulty borrowing operating capital; others had been going out of farming without selling their land.

The USDA, in a report still to be released, attributed some of the decline in planted wheat acreage to the "flexibility" provision in the 1990 farm legislation, which allows farmers to plant whatever crop they want on 15 per cent of their land and still receive production subsidies. However, because they get no payment on that 15 per cent, they may have decided to leave it fallow.

Planting of soft red wheat dropped 7 per cent. According to USDA, producers have had such poor yields and quality problems in recent years that they may have decided not to bother planting wheat this year. Dry weather in the hard red winter wheat areas could have also discouraged production.

Canada to ask EC to curb trawler catches

By Bernard Simon in Toronto

CANADA IS dispatching a senior diplomat and a team of scientists to Brussels next week to protest against a vast increase in the amount of fish caught by Spanish and Portuguese trawlers in the north-west Atlantic.

The mission will coincide with the expected announcement of a drastic cut in northern cod quotas for the domestic fishery, following an alarming drop in the catch within Canada's 200-mile fishing zone.

The dwindling catch forced Newfoundland's biggest fish processing company, Fishery Products International, to close one of its processing plants last week, putting 1,000 people out of work.

Mr John Crosbie, the fisheries minister, said that Canada would ask the European Community to respect a moratorium on cod fishing outside the 200-mile limit. During a special debate in Parliament on Wednesday, opposition MPs also urged the government to extend unilaterally Canada's fishing zone.

Canada estimates that Portuguese, Spanish and Panamanian-flagged vessels caught 48,000 to 50,000 tonnes of cod outside the 200-mile limit last year, more than double the 1990 catch of 22,000 tonnes.

The government is concerned that the spirit of understanding and compromise that marked discussions with the EC early last year appears to have evaporated. "The Commission, faced with choices, is choosing to do very little," one official said yesterday.

Concern about fish stocks centres on an area stretching northward from the south-east coast of Newfoundland to about halfway up the coast of Labrador. Commercial and scientific evidence began appearing last autumn of shortages in the northern part of this area, as well as a sudden drop in the proportion of older fish.

A scientific advisory committee has urged the government to cut the northern cod catch in the first half of this year to 25,000 tonnes from 50,000 tonnes in the first six months of 1991. The entire catch for last year of 127,000 tonnes was well below the quota of 190,000 tonnes.

The government has previously been reluctant to order a heavy cut in quotas in order to minimise the short-term damage to economic activity in Newfoundland, which is Canada's poorest province. There now appears to be a widespread realisation that the long-term health of the fishery requires immediate measures to allow stocks to recover.

Big Bell strikes a minor chord for owners

Kenneth Gooding on why production prospects for the mine have been downgraded

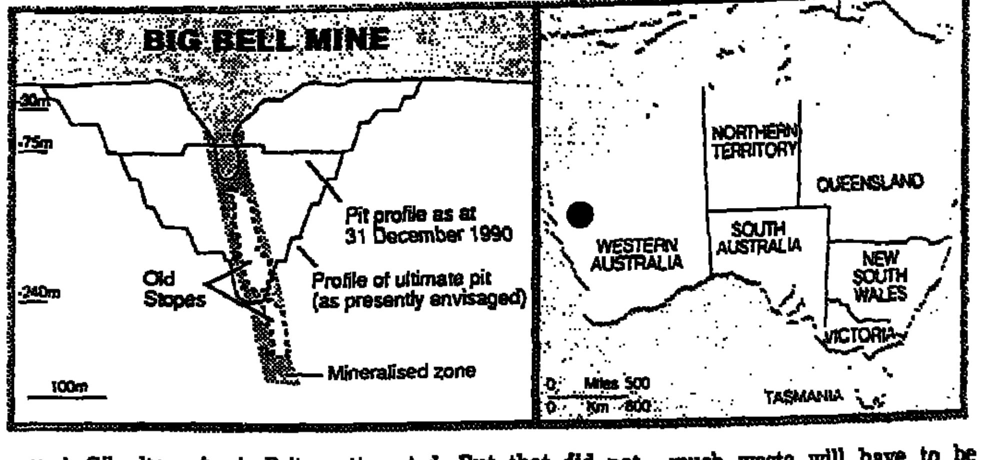
EXASPERATED MINERS who have tried to make money out of the Big Bell mine in Western Australia discovered too late that it has an ore body so perverse, unpredictable and unique that they never should have tried to extract its gold.

Placer Pacific, the mine operator, believes it has solved most of the problems but admits that Big Bell is unlikely to recover the A$145m invested in it at the end of the 1980s.

Big Bell is testimony to the old adage: "Mining is a risky business and nothing can be proven until it is mined."

Sportingly, Placer Dome, Canada's biggest gold mining group which owns 75.8 per cent of Placer Pacific, has described Big Bell's horrors in its latest in-house magazine Prospect.

The mine is located 540 km (335 miles) north-east of Perth and 28 km north-west of Cue in the Murchison Goldfields. Joint venturers, Placer and ACM Gold, started mining in February 1989 in an orthodox open pit operation, the type familiar to mining engineers the world over.



Exploration drilling in the usual way had determined the grade (the amount by mass of metal or mineral in an ore) and limits of the ore body and a mining plan was developed. "With the benefit of hindsight, we should have analysed not only the ore body but the waste as well to see what we were up against," Prospect quotes Mr Peter Neilans as saying. He was the mine superintendent at Big Bell, but recently transferred to the group's Gibraltar mine in British Columbia.

Big Bell's waste proved to be extremely hard and abrasive and drill penetration was too low to keep up with the expected mining rate.

Another nasty surprise was that the contact between waste and ore was sudden, erratic and unpredictable. In many ore bodies the grade varies by gradual increments from lower to higher values. At Big Bell ore and waste are mixed in an inconsistent jumble.

Placer says it is difficult to get reliable assays, which reveal the gold content, because of the irregular way the gold is disseminated through the rock.

From the moment mining started at Big Bell grades were disappointingly below those predicted and the conventional solution – changing the cut-off grade (the lowest grade of mineralised material considered economic) – was attempted. But that did not work. And as Mr Neilans recalls: "We found we were stockpiling economic ore. There was no mineable cut-off between economic and sub-economic ore.

"We have found that we have to mill sub-economic ore to avoid throwing out the economic ore with it. There is material that contains grades ranging between the geological and economic cut-off that is inseparable."

All this meant that costs soared to unacceptable levels. In 1990 Big Bell produced more than 111,000 troy ounces of gold – but at an average cost of US$504 an ounce. The gold price averaged $385 that year.

Placer went back to square one and developed a new "life of mine" plan. This will involve reducing the planned depth of the open pit from 315 to 240 metres so that not so much waste will have to be shifted.

For the life of the open pit, to early 1994, Big Bell is predicted to produced about 115,000 ounces a year. At that stage the joint venture will be wound up unless the partners decide to start underground mining. That would not be worthwhile unless the gold price was likely to stay much higher than it is today.

The new life of mine plan resulted in Placer writing down its investment in Big Bell by nearly A$30m net. (That was after accounting for the sale of surplus equipment, such as five 170-tonne haul trucks.) About 50 of the 250 jobs at the mine were also lost in 1990.

Among other things, the new plan involves the Big Bell pit walls being anchored with stabilisers of cable bolts driven as much as 30 metres deep into them. Although this is not a new method of preventing walls from falling into a pit, Placer points out that the method has never before been tried in a pit with such steep walls.

In the first half of last year Big Bell's cash cost of production had fallen to $364 an ounce, still only marginally below the average gold price of $365 – and the cash cost does not include financing and other charges.

Meanwhile, the mining problems are not yet over.

Big Bell used to be an underground mine. Between 1937 and 1955 about 5.8m tonnes of ore was mined, yielding 543,000 ounces of gold and 219,000 ounces of silver.

Mining the open pit has exposed the old workings. Placer's huge mechanical shovels have been biting into old iron, rails and support timbers. This necessitated another costly step unnecessary in a conventional mine: probe drilling to ensure the ground over which the giant shovels and haul trucks in the pit are travelling is safe. "Otherwise the heavy machines might collapse catastrophically into a cavern of old workings," Placer points out.

Undaunted by the Big Bell experience, Placer says: "Every cloud has a silver lining. From Placer Dome's point of view the knowledge gained from this unique mine is like money in the bank".

That must surely remind us of another peculiarity of this business: mining is indeed very risky – but it is an industry which attracts incurable optimists.

Disruption threat averted in German gas supply row

By Quentin Peel in Bonn

THE THREAT of disruption to natural gas supplies in east Germany from the former Soviet Union has been averted, thanks to a temporary – and secret – agreement between suppliers and distributors.

The conflict involved the demand by Gasprom, the Russian gas exporter, and Wintershall, its German partner, for a big increase in the delivery price of some 2.8bn cubic meters of gas – roughly half east Germany's consumption.

Agreement was reached in the wings of the first German-Russian co-operation council which met in Bonn this week, between Gasprom and Wintershall (a subsidiary of BASF), on the one hand, and Verbundnetz Gas (VNG), the major east German distributor, and its principal shareholder, Ruhrgas, on the other.

It is understood that the agreement will be valid for the rest of 1992, while a more permanent contract is worked out. Wintershall had threatened to suspend gas deliveries from the beginning of March.

Wintershall and Gasprom, through their joint gas trading house WIEH had sought an increase in the gas delivery price to 1.94 pfennigs per kwh, compared with a price of 1.66 pfennigs offered by VNG, according to its previous (East German) contract. VNG and Ruhrgas claimed that the lower price was valid for all West European customers, and objected to paying more.

Mr Klaus-Ewald Holst, chief executive of VNG, said he was now ready "to conclude a long-term natural gas contract with Wintershall-Gasprom on normal market conditions".

Two top palm oil growers expecting bumper crops

MALAYSIA and Indonesia, the world's top two palm oil growers, are heading for bumper crops this year because of rising yields, officials and analysts say, reports Reuter from Kuala Lumpur.

But traders and refiners warn the production surge could put downward pressure on prices later in the year. Seasonal supply tightness is keeping prices steady at present.

"With the supply push, I guess in the next six months prices will ease somewhat but not a real washout," says Mr Jim Sutter, managing director of Kupak, a local refiner.

The May contract on the local crude palm oil futures market is hovering at R867 (£190) a tonne, up from R846 a year ago, aided by low stocks and supply tightness.

Traders say Indonesian domestic demand for palm oil is high and exporters have had to defer sales of 15,000 tonnes originally scheduled for shipment from January to March.

The shortage results from higher exports of Indonesian coconut oil and palm kernel oil and a drought expected to cause a lower-than-anticipated rise in palm oil production.

Analysts expect production in Malaysia and Indonesia to recover sharply from July to post a bumper crop. Meanwhile, Indonesia is buying about 120,000 tonnes of Malaysian palm olein between January and March to meet the shortfall, Mr Sutter says.

"Malaysian production looks very good this year due to higher rainfalls and better farm inputs [because of] recent high prices," explains Mr S.T. Keoh, managing director of Malaysia's Guan Soon Heng Futures Trading.

Malaysia's Palm Oil Research Institute has put Malaysia's 1992 output at a record 6.3m tonnes, up from 6.14m in 1991, but some analysts say it could reach 6.5m tonnes.

Indonesian output is expected to rise to 3m tonnes in 1991-92 (April-March) from about 2.4m in 1990-91.

Denmark's hobby farmers may reap benefits of CAP reforms

By Hilary Barnes in Copenhagen

MR RAY MacSharry, the European Community's agricultural commissioner, is not about to become the Robin Hood of Europe – taking from the large, rich farmers and giving to small, poor farmers – according to a report published here.

On the contrary, in Denmark's case the primary beneficiaries of Mr MacSharry's proposed reforms of the EC's common agricultural policy will be those relatively wealthy people who run farms as a hobby, the so-called tarmac farmers from the towns, and they are estimated to account for about half of all Danish farmers.

Mr Niels Groes, head of research at the local government research institute (Amternes og Kommunernes Forskningsinstitut) in Copenhagen, who is the author of the report, believes that his findings could be relevant to many other parts of the European Community as well. He concludes that the effect of the proposed MacSharry reforms will be that "the EC's farm support will go to university lecturers, company directors, postmen, teachers and other part-time farmers. These are not the kind of people who need a hand-out form the EC's coffers".

By a big reduction in the cereals price and through land set-aside programmes, the reforms will have a very serious adverse effect on the large, intensively-operated cereals and dairy farms, however, which means that they will have a second perverse effect. The large farms are found especially in the poorer parts of Denmark, which will thus be made poorer by the effects of the reforms, although Mr MacSharry's intention is that the reforms should benefit poorer regions.

Instead, support will go to part-time farmers, who are found in the largest numbers around the big cities, such as Copenhagen and the Jutland capital of Arhus. Many part-time farmers, Mr Groes believes, will be able to achieve a substantial improvement in their incomes from land which at the moment they do not in fact cultivate.

"All they will have to do in future is to pretend they are cultivating the land, drive the old Ferguson tractor over the fields when they have the time and the sun in shining, and then drive past the bank to draw their subsidy," he says.

The perverse effects to which Mr Groes draws attention arise with Mr MacSharry's proposals for a drastic reduction in cereal prices and the extension of land set-aside programmes, which will be combined with direct subsidies to small farmers.

WORLD COMMODITIES PRICES

MARKET REPORT

Coffee prices bounced on the London Futures and Options Exchange yesterday, helped by gains in the New York market, where the smaller than expected number of first day notices for physical deliveries against the expiring March position prompted short covering and helped to narrow nearby discounts. But London dealers thought the rally, which took the May robustas position up $14 to $863 a tonne, still down $25 on the week, was likely to be short-lived as plentiful supplies were available. On the London Metal Exchange the slide in aluminium prices was resumed after short-covering prompted an early rally. The cash position closed at $1,266.50 a tonne, taking the fall on the week to $30.50 a tonne. Nickel prices rallied in the afternoon but still finished marginally lower on the day. Dealers said the rally, which followed early falls on commission house selling, was encouraged by talk of possible Chinese buying interest. The copper market recovered some of Wednesday's fall and the cash quotation closed £8 up at £1,262 a tonne, helped by gains in New York. Dealers said the market seemed poised for another attempt at breaking upside resistance around $2,230 a tonne for three months metal, about $2 above yesterday's close.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.30-5.40w	+.325
Brent Blend (dated)	$17.80-7.85	+0.30
Brent Blend (Apr)	$17.70-7.80	+.275
W.T.I. (1 pm est)	$18.70-8.75w	+.225
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$203-205	+1
Gas Oil	$166-167	+1.5
Heavy Fuel Oil	$66-68	+2.5
Naphtha	$183-185	+2
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$353.40	+0.10
Silver (per troy oz)♣	410c	+2
Platinum (per troy oz)	$363.10	+3.50
Palladium (per troy oz)	$86.25	+1.60
Copper (US Producer)	105c	-0.95
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.23r	-0.10
Tin (New York)	260.5c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.27p	+0.81*
Sheep (live weight)†♣	101.49p	-0.55*
Pigs (live weight)†	96.27p	+0.32*
London daily sugar (raw)	$205.10y	-3.90
London daily sugar (white)	$264.50y	-1.00
Tate and Lyle export price	£225.00	-1.50
Barley (English feed)	£120	
Maize (US No. 3 yellow)	£147	
Wheat (US Dark Northern)	Unq.	
Rubber (Mar)♥	51.50p	+0.75
Rubber (Apr)♥	51.75p	+0.75
Rubber (KL RSS No 1 Feb)	207.5m	
Coconut oil (Philippines)§	$482.5v	+2.5
Palm Oil (Malaysian)§	$377.5q	-2.5
Copra (Philippines)§	$457.5y	-2.5
Soyabeans (US)	£152	+1.5
Cotton "A" index	55.70c	-0.05
Wooltops (64s Super)	470p	+15

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb w-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Mar	188.40	185.00	186.80 184.60
May	187.40	186.00	187.00 185.00
Aug	192.00	192.00	192.00 189.20
Oct	192.80	193.00	192.60 192.20
Mar	195.60	195.40	194.00
White	Close	Previous	High/Low
May	265.5	266.5	265.8 264.0
Aug	269.8	270.5	269.8 269.5
Oct	263.8	262.5	263.4 261.5
Dec	265.8	263.0	263.0 262.5

Turnover: Raw 2851 (989) lots of 50 tonnes. White 691 (1231)
Paris- White (FFr per tonne): May 1494.63 Aug 1537.36

CRUDE OIL – IPE $/barrel			
	Latest	Previous	High/Low
Apr	17.80	17.74	17.90 17.66
May	17.73	17.70	17.82 17.60
Jun	17.70	17.68	17.80 17.58
Jul	17.56	17.55	17.78 17.58
Aug	17.56	17.61	17.75 17.56
Sep	17.75	17.74	17.75 17.67
Oct	17.68	17.70	17.80 17.68
IPE Index	17.49	17.40	

Turnover 11745 (21519)

GAS OIL – IPE $/tonne			
	Close	Previous	High/Low
Mar	164.50	163.00	166.25 162.75
Apr	162.50	161.25	164.50 161.75
May	161.50	160.25	163.25 161.00
Jun	162.75	161.25	164.00 162.00
Jul	164.75	163.75	165.75 164.50
Aug	167.00	165.75	167.75 166.50
Sep	169.50	167.50	170.00 167.50

Turnover 9130 (10375) lots of 100 tonnes

FRUIT & VEGETABLES
Avocados at 35-55p each (35-60p) are this week's best fruit buy, reports FFVIB. Cape grapes are superb with Dan Ben Hannah and Thompson varieties at 90p-£1.20p a lb (90p-£1.20). Mushrooms are a must with many reasonably priced types in the shops. Choose from large flat varieties at 60-70p a ½lb (50-70p), cups at 60-70p a ½lb (60-80p) and button mushrooms at 60-80p a ½lb (75p-£1.10). Top quality Chinese Leaves continue to be a great salad choice at 60-70p a lb (60-70p). Tomatoes at 60-75p a lb (45-75p), Spring onions at 45-55p a bunch (45-55p) and celery at 50-60p a head (50-60p) are all good buys.

COCOA – London FOX £/tonne			
	Close	Previous	High/Low
Mar	671	671	676 670
May	698	696	704 697
Jul	728	725	731 725
Sep	751	750	756 750
Dec	785	784	792 782
Mar	815	814	823 815
Dec	895		900

Turnover: 3678 (5543) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb.19 892.44 (854.94) 10 day average for Feb.20 846.95 (849.22)

COFFEE – London FOX $/tonne			
	Close	Previous	High/Low
Mar	835	818	835 812
May	863	849	863 845
Jul	890	879	886 875
Sep	920	905	908 901
Nov	940	929	929 925
Jan	960	950	948

Turnover:4373 (10265) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb. 19: Comp. daily 54.98 (54.83) 15 day average 56.49 (56.77)
Sterling close: March £476

POTATOES – London FOX £/tonne			
	Close	Previous	High/Low
Apr	119.5	120.0	120.5 119.5
May	139.0	140.0	140.5 139.0

Turnover 42 (68) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne			
	Close	Previous	High/Low
Apr	128.50	127.50	128.50 128.00
Jun	124.50	123.00	124.50 124.00
Aug	125.50		125.50

Turnover 252 (15) lots of 20 tonnes.

FREIGHT – London FOX $10/index point			
	Close	Previous	High/Low
Feb	1230	1228	1240 1230
Mar	1274	1268	1285 1270
Apr	1293	1290	1301 1280
Jul	1103	1100	1100
Oct	1230		1245 1235
BFI	1260	1266	

Turnover 213 (233)

GRAINS – London FOX £/tonne			
Wheat	Close	Previous	High/Low
Mar	123.25	122.60	123.20 122.90
May	127.20	126.45	127.25 126.60
Jun	128.95	128.30	129.15 128.50
Nov	115.55	115.25	115.65 115.40
Barley	Close	Previous	High/Low
Mar	115.75	114.90	115.45 115.00
May	118.95	118.00	118.50 118.15

Turnover: Wheat 223 (476), Barley 222 (64).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg			
	Close	Previous	High/Low
Mar	120.0		119.5
Apr	117.0		117.0
May	116.5	117.0	116.3
Jun	113.7	114.0	113.7
Jul	109.0	109.0	108.5

Turnover:23 (9) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)						
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 25,449 lots
Cash	1266-7	1271.5-2.5	1260.5	1260.5-1		
3 months	1291-2	1297-8	1315/1283	1285.5-6	1287-9	148,197 lots
Copper, Grade A (£ per tonne)						Total daily turnover 21,783 lots
Cash	1261.5-2.5	1253.5-4.5	1265/1262	1261-2		
3 months	1287.5-8	1280.5-1	1292/1286	1288-9	1288-8	121,409 lots
Lead (£ per tonne)						Total daily turnover 1,859 lots
Cash	287-7.5	285-6	288.5	288.5-9		
3 months	298-8.5	297-7.5	300/295	299-9.25	295.5-6	14,885 lots
Nickel ($ per tonne)						Total daily turnover 3,772 lots
Cash	7945-55	7950-60	7910/7905	7900-5		
3 months	8000-5	8000-10	8050/7960	7965-70	7995-8000	28,343 lots
Tin ($ per tonne)						Total daily turnover 1,319 lots
Cash	5605-10	5610-20		5600-5		
3 months	5640-50	5650-60	5655/5630	5645-8	5650-4	5,365 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 12,204 lots
Cash	1106-7	1107-8	1107	1108.5-9		
3 months	1125.5-6	1127-8	1128/1123	1126-8.5	1123-4	43,379 lots

LME Closing £/$ rate:
SPOT: 1.7495 · 3 months: 1.7258 · 6 months: 1.7026 · 9 months: 1.6832

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	353.20-353.60	
Opening	352.90-353.30	
Morning fix	353.05	202.358
Afternoon fix	353.40	202.521
Day's high	353.60-353.90	
Day's low	352.70-353.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.51	6 months	3.53
2 months	3.51	12 months	3.53
3 months	3.50		

Silver fix	p/fine oz	US cts equiv
Spot	234.85	409.60
3 months	240.80	413.90
6 months	246.60	418.20
12 months	258.05	428.15

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	353.50-354.50	202.50-203.00
Maple leaf	364.00-365.00	208.75-209.25
New Sovereign	87.00-88.00	50.00-50.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1200	77	117	2	21
1300	13	58	38	60
1400	1	24	125	124
Copper (Grade A)	Calls		Puts	
2100	119	136	1	14
2200	30	68	11	44
2300	1	27	82	102
Coffee	May	Jul	May	Jul
850	41	68	28	26
900	21	40	58	50
950	10	24	97	84
Cocoa	May	Jul	May	Jul
675	40		17	
700	25	51	28	25
725	17	38	44	37
Brent Crude	Apr	May	Apr	May
1800	34	65		
1850	14	33		
1900	8	22		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Feb	353.2	353.0	353.6	353.0
Mar	353.8	353.6	0	0
Apr	354.7	354.5	355.3	354.2
Jun	356.8	356.6	357.3	356.2
Aug	358.9	358.7	359.3	359.0
Oct	361.0	360.8	361.6	361.0
Dec	363.3	363.1	363.7	363.6
Feb	365.7	365.4	0	0
Apr	354.7	354.5	355.3	354.2

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Feb	360.1	360.2	0	0
Apr	361.8	361.9	364.9	361.5
Jul	361.5	361.8	364.0	362.0
Oct	364.6	365.1	367.0	364.0
Jan	364.8	365.1	367.5	365.9

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Feb	411.9	405.1	0	0
Mar	412.3	405.5	413.0	407.0
Apr	413.7	406.9	0	0
May	415.6	408.7	418.0	410.5
Jul	418.7	411.8	419.5	414.0
Sep	422.1	415.2	422.0	419.0
Dec	427.4	420.5	429.0	423.0
Jan	429.0	422.1	0	0
Mar	433.2	426.3	0	0
May	437.6	430.5	437.5	435.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	101.50	100.75	101.70	101.30
Mar	101.55	100.95	101.80	100.90
Apr	101.10	100.50	101.20	100.65
May	100.90	100.20	101.00	100.20
Jun	100.20	99.85	100.40	99.85
Jul	99.85	99.50	100.20	99.50
Aug	99.65	99.35	0	0
Sep	99.50	99.20	99.50	99.25
Oct	99.35	99.10	0	0
Nov	99.25	99.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.46	8.46	8.49	8.38
May	8.46	8.43	8.50	8.39
Jul	8.52	8.51	8.56	8.47
Oct	8.62	8.60	8.66	8.56
Mar	8.82	8.77	8.82	8.74
May	8.85	8.82	0	0
Jul	8.88	8.85	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Mar	18.53	18.41	18.55	18.30
Apr	18.84	18.71	18.86	18.60
May	18.97	18.86	19.01	18.77
Jun	19.10	19.01	19.10	18.92
Jul	19.10	19.05	19.10	18.93
Aug	19.14	19.05	19.08	18.92
Sep	19.08	19.05	19.06	18.96
Oct	19.10	19.05	19.10	18.96
Dec	19.15	19.07	19.12	18.98

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Mar	5295	5260	5305	5210
Apr	5275	5231	5280	5200
May	5225	5195	5230	5180
Aug	5290	5262	5300	5260
Sep	5400	5392	5380	5380
Oct	5480	5497	0	0
Nov	5580	5597	0	0
Dec	5700	5697	0	0

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1082	1084	1095	1080
May	1108	1109	1119	1104
Jul	1142	1146	1152	1139
Sep	1177	1182	1191	1177
Dec	1227	1230	1239	1224
Mar	1258	1262	1267	1265
May	1283	1285	1292	1292
Jul	1309	1315	1310	1305
Sep	1340	1348	1340	1340
Dec	1375	1383	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	69.20	66.80	70.00	67.40
May	71.90	70.30	72.20	70.60
Jul	74.85	73.30	75.00	73.50
Sep	77.60	76.95	77.80	76.50
Dec	81.10	80.00	81.40	81.00
Mar	85.00	84.25	0	0
May	88.25	86.50	88.50	87.50
Jul	89.50	89.75	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	53.82	53.96	53.98	53.60
May	55.47	55.65	55.75	55.38
Jul	56.80	56.93	56.95	56.70
Oct	59.22	59.15	59.35	59.05
Dec	59.85	59.90	60.10	59.82
Mar	61.22	61.30	61.55	61.30
May	61.75	62.10	62.25	62.15
Jul	62.30	62.60	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	141.90	141.95	143.40	141.40
May	138.85	139.00	139.80	137.90
Jul	137.00	137.35	137.90	136.35
Sep	133.25	132.25	133.25	132.00
Nov	126.00	125.10	126.00	125.25
Jan	126.00	125.10	126.00	125.00
Mar	126.00	125.10	125.00	125.00
May	126.00	125.10	0	0
Jul	126.00	125.10	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Feb.20	Feb.19	mnth ago	yr ago
1601.1	1590.5	1604.0	1667.5

DOW JONES (Base: Dec. 31 1974 = 100)				
	Feb.19	Feb.18	mnth ago	yr ago
Spot	119.07	119.04	115.24	123.68
Futures	121.90	121.64	123.20	128.08

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	578/0	577/2	579/4	576/2
May	587/4	587/0	589/0	584/2
Jul	597/0	596/6	598/6	593/4
Aug	601/4	600/0	602/4	598/4
Sep	604/4	604/0	605/0	601/0
Nov	613/4	612/4	616/4	610/0
Jan	623/0	622/0	624/4	619/4
Mar	633/0	629/6	634/0	629/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	19.53	19.46	19.63	19.39
May	19.84	19.78	19.92	19.68
Jul	20.15	20.08	20.24	19.99
Aug	20.33	20.21	20.36	20.15
Sep	20.45	20.31	20.50	20.32
Oct	20.56	20.47	20.67	20.47
Dec	20.87	20.82	20.95	20.76
Jan	20.92	20.87	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Mar	174.1	173.4	174.4	172.8
May	176.7	176.4	177.3	175.6
Jul	179.7	179.2	180.2	178.3
Aug	180.9	180.4	181.1	179.3
Sep	182.2	181.9	182.4	180.5
Oct	197.0	197.0	197.6	195.5
Dec	199.0	198.5	199.0	197.0
Mar	199.5	199.0	0	0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	264/2	264/4	265/0	263/2
May	272/0	272/0	272/6	270/6
Jul	277/6	277/6	278/4	276/6
Sep	274/6	274/4	275/0	273/4
Dec	272/2	271/6	272/2	270/4
Mar	278/2	277/4	278/2	276/4
May	281/6	281/0	282/0	280/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	417/4	411/6	422/0	413/4
May	415/2	408/6	418/4	408/4
Jul	395/6	394/0	399/2	392/4
Sep	400/0	397/6	402/6	398/0
Dec	409/0	407/6	412/2	406/0
Mar	411/4	408/0	413/4	408/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	78.900	78.975	79.000	78.685
Apr	77.975	77.775	78.100	77.475
Jun	73.625	73.150	73.700	73.100
Aug	69.150	68.900	69.375	68.850
Oct	69.075	68.900	69.075	68.650
Dec	69.700	69.475	69.700	69.300
Feb	69.100	68.825	69.325	69.000

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	41.825	42.050	42.100	41.625
Apr	41.175	41.350	41.800	41.000
Jun	45.600	46.075	46.100	46.375
Jul	45.600	46.300	46.375	45.650
Aug	44.600	44.925	44.925	44.425
Oct	41.550	41.725	41.725	41.200
Dec	43.975	44.350	44.400	43.850
Feb	44.900	45.175	44.900	44.750

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	35.775	37.650	37.435	35.700
Mar	35.775	37.750	37.550	35.750
May	36.925	38.750	38.750	36.750
Jul	37.925	39.500	39.650	37.750
Aug	37.250	38.150	38.650	37.250
Feb	47.850	47.300	47.850	47.800
Mar	47.000	47.000	47.300	0

LONDON STOCK EXCHANGE

Glaxo and Shell dominate equities

By Terry Byland, UK Stock Market Editor

A HIGHLY erratic trend in the UK stock market yesterday saw share prices close firmly but well below the day's best levels, finally responding to a strong opening to the new Wall Street session.

Trading was dominated by profits statements from Glaxo and Royal Dutch/Shell, as both heavyweight stocks exerted a powerful influence on the FT-SE Index, attracting buyers as well as the sellers who drove their respective share prices lower. With BP still the subject of heavy turnover, the big investment institutions clearly had a very busy trading session.

Domestic factors continued to exert a somewhat mixed influence on the stock market. The announcement of a 0.3 per cent fall in UK gross domestic product in the fourth quarter confirmed the bleakness of the UK recession. But hints from Mr John Major, the UK prime minister, of Budget tax moves and increased government borrowing, encouraged City optimism for base rate cuts head of the UK general election.

Account Dealing Dates		
*First Dealings:		
Feb 10	Feb 24	Mar 9
Option Declarations:		
Feb 20	Mar 5	Mar 19
Last Dealings:		
Feb 21	Mar 6	Mar 20
Account Day:		
Mar 2	Mar 16	Mar 30

*New-time dealings may take place from 8.30 am two business days earlier.

Wall Street's strength provided a welcome surprise, in view of bearish comments on the US trade figures for December. UK markets remained nervous of the outlook for equities both in New York and in Tokyo.

London opened strongly, in hot pursuit of the other European stock markets which took a favourable view of firmer performances from Wall Street and Tokyo. However, there was little genuine investment support for a UK market which was waiting for trading statements from Glaxo and Shell.

The early gain of 18 points on the Footsie was quickly reversed as Glaxo fell sharply despite higher interim profits. Investors were upset by signs of poor sales growth for Zantac, the group's high-selling ulcer drug. However, Glaxo shares rallied well when Wall Street opened and US buyers appeared in London.

There was little recovery in Shell Transport, which gave ground in exceptionally high turnover after announcing sharply lower profits for the final quarter and severely disappointing the market with the dividend payout.

The FT-SE Index, down 5.5 at mid-session, rallied as Wall Street opened. With the Dow ahead by 36 points in London trading hours, the FT-SE Index closed a net 6.7 up at 2,543.4.

At one time, losses in Shell and Glaxo share prices represented a fall of around 12 points on the Footsie Index. The setback in Shell was offset to some extent by heavy switching from Royal Dutch shares.

Leading oils have been sold heavily in London over the past week as first BP and then Shell have disappointed the market. With both stocks prominent in international fund portfolios, some fund managers are believed to have suffered substantial losses.

Seaq volume rose to 593.6m shares from Wednesday's 561.3m. Yesterday's total was boosted by the activity in Glaxo and Shell, both of which are likely to have contributed significantly to the day's retail, or customer, business in UK equities. On Wednesday, customer business moved up to £1bn once again, indicating a more profitable level for London securities firms than in the previous week.

Equity strategists were concerned yesterday that London owed so much of its recovery to a US stock market still viewed with caution by London traders.

FINANCIAL TIMES STOCK INDICES

	Feb 20	Feb 19	Feb 18	Feb 17	Feb 14	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	88.37	88.29	88.47	88.26	88.06	85.72	88.47 (18/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	101.40	101.56	101.52	101.23	101.03	94.12	101.56 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1989.4	1975.3	1983.7	1970.6	1950.0	1844.6	2108.3 (2/9/91)	1608.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	136.8	135.8	135.9	139.0	141.1	130.2	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2543.4	2536.7	2555.9	2541.0	2513.9	2312.4	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1179.07	1172.55	1178.75	1170.10	1162.69	1072.69	1198.60 (3/9/91)	938.62 (18/1/91)	1198.60 (3/9/91)	938.62 (18/1/91)
●Ord. Div. Yield	4.61	4.62	4.60	4.63	4.68	5.22				
●Earning Yld %(full)	6.65	6.67	6.64	6.68	6.98	10.87				
●P/E Ratio(Net)(☆)	18.82	18.77	18.87	18.74	18.03	11.13				
SEAQ Bargns 4.45pm	32,671	31,684	33,560	29,887	30,114	29,607				
Equity Turnover(£m)†	-	1,013.6	995.40	832.80	1187.2	989.47				
Equity Bargains†	-	32,525	34,008	29,851	30,155	30,160				
Shares Traded (ml)†	-	458.9	484.6	389.1	499.5	482.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90.

Ordinary Share Index, Hourly changes — Day's High 1991.2 — Day's Low 1977.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1982.7	1991.2	1982.1	1980.4	1982.4	1981.9	1980.8	1982.1	1988.6

FT-SE 100, Hourly changes — Day's High 2555.2 — Day's Low 2531.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2545.9	2555.1	2536.0	2534.0	2535.7	2533.0	2531.3	2533.3	2543.4

FT-SE Eurotrack 200, Hourly changes — Day's High 1179.07 — Day's Low 1174.57

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1177.29	1176.75	1177.09	1176.28	1176.28	1175.71	1177.49

GILT EDGED ACTIVITY

Indices*	Feb 19	Feb 18
Gilt Edged Bargains	91.6	93.9
5 – Day average	90.4	88.9

*SE Activity 1974. †Excluding Intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Heavy setback in Shell

THE ROUT of the oil sector, triggered by sliding oil prices, and helped on its way by BP's poor results last week, continued yesterday following acutely disappointing results from Royal Dutch/Shell.

Shell Transport shares weakened 15 to 440p, the lowest closing level since February 1991, on turnover of 31m shares, the highest daily total for more than five years.

Profits were at the bottom end of the market's expectations but it was the dividend decision that prompted the sell-off. The final dividend of 12p exceeded some of the most pessimistic forecasts but was below the general consensus of 12.2p to 12.4p.

Analysts moved quickly to reduce their dividend expectations for the current year. Mr Jeremy Hudson at Shearson Lehman shaded his forecast to 21.9p but pointed out that he saw only 5 per cent downside in Shell Transport shares from here. At Carr Kitcat & Aitken, Mr Keith Morris, one of the more bearish analysts on Shell ahead of the figures, saw the results as "disappointing but not catastrophic" and pencilled in a 21.7p dividend forecast for this year, describing the shares as a sell.

Strauss Turnbull, among the market's most vociferous bears of oils over the past year, predicted a dividend of 21.6p for the year and said: "The signal from Shell is quite clear; the outlook is poor and getting poorer, we see the stock yielding 40 per cent more than the market, and that points to a share price of 400p."

An oil specialist commented: "Fund managers are now reducing their weightings in oils to neutral and that means there is some more big selling to come."

The big selling of Shell yesterday was accompanied by aggressive switching out of Royal Dutch into Shell and further exceptionally heavy activity in BP. The BP share price stabilised to close 3 firmer at 254p on volume of 23m. Turnover in BP since last Thursday week's figures is just short of 200m shares.

Glaxo volatile

Half-year results from Glaxo yesterday prompted significant volatility in the stock, which saw more than 15m shares dealt in one of its heaviest daily volumes for at least five years.

Just after the market opened, Glaxo shares were up strongly. They firmed further on the announcement of a 41 per cent rise in the dividend. However, the gain was reversed on further consideration of the results, particularly disappointment over sales growth for Zantac, the company's anti-ulcer drug. The shares tumbled almost 60 points from the day's high before they were considered to be oversold.

In the afternoon, light US buying lent support to the stock and the shares picked up slowly to close only 10 off on the day at 816p.

The profit figures appeared to fit in with the views of most financial observers. Cautious houses such as Nomura retained their sell stance, regarding the results as "a bad day for Glaxo". Bullish BZW remained a buyer, believing the declining sales growth for Zantac had been adequately justified by the company.

Expectations for 1992/1993 now vary between £1.55bn and £1.77bn as observers take varying views on the speed of development of Glaxo's three principal new products, Zofran - the most well-established -, Serevent and Imigran.

Rank sold

Leisure group Rank Organisation dropped 22 to 681p as investors turned bearish ahead of the stock going ex-dividend on Monday. There was also renewed interest in Rank's accounts, published this week, with the group coming under scrutiny at the first of a series of analysts' meetings yesterday.

Rank has surged ahead since its results three weeks ago and many in the market feel the run had been overdone. Mr Paul Heath at UBS Phillips & Drew said: "There has been some profit-taking on fears that a lot of people may pull out of Rank after banking the dividend next week."

Banque Paribas, the French-owned broking house, drew attention to Rank's accounts, analyst Mr Nigel Reed pointing to "the size of the release of the provision on the Mecca acquisition", of some £48m.

Reports that James Capel had joined County NatWest in recommending a switch out of Rank and into Ladbroke were denied by Capel. Ladbroke was steady at 231p.

More big buying of TSB drove the shares higher to 126½p, while vague takeover stories and a broker buy note helped Standard Chartered improve 13 more to 449p.

Lloyds, due to reveal preliminary figures today – the market range is from £550m to £700m compared with last time's £591m – hardened to 387p. It is expected to be the only bank in the so-called "big four", comprising Barclays, Lloyds, Midland and NatWest, to lift its dividend.

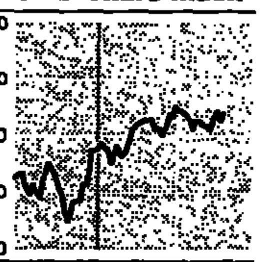
Provident Financial advanced 17 to 487p after the better-than-expected dividend.

The rights issue announced by Germany's Allianz triggered a fresh bout of takeover speculation in Guardian Royal Exchange, up 3 at 123p.

There was evidence of more selling and splitting of the Electricity Package, although the unit price moved up 20 to £3,815.

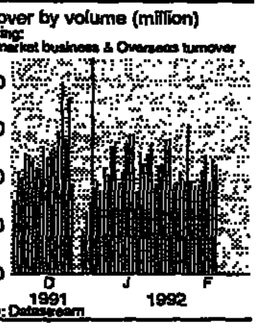
Enthusiasm from securities house Smith New Court helped Rothmans International to pick up 23 to 1061p. The house reiterated its long-term buy recommendation, citing Rothmans' net cash position, its medium-term opportunities in the Pacific Rim and eastern Europe and its attractive assets in Dunhill and Cartier.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Source: Datastream

Reuters Holdings gained 13 to 1150p as US buyers absorbed selling in London and securities house Henderson Crosthwaite continued to argue the case for Reuters with clients. The house published a buy note this week which points out that the stock is on a low cash flow multiple and argues that Reuters' automated trading system Dealing 2000-2 is well ahead of rival products.

Racal Electronics attracted speculative buying, amid revived stories that Tomkins, the conglomerate, may be about to make either a full bid for the electronics group or buy Racal's Chubb division. There has been intense speculation for a number of weeks, and suggestions that a stakebuilder has been operating in Racal, which firmed 2¾ to 57p on turnover of 7.2m yesterday.

Headline Book Publishing, floated on the stock market last April, moved ahead 12 to 174p after revealing more than doubled profits of £1.3m.

Reports from a conference in Florida that Philip Morris repeated its aim of making acquisitions in Europe renewed bid speculation in Cadbury Schweppes, which put on 3 to 469p.

Tate & Lyle rose 7 to 430p, boosted by dollar strength and a buy recommendation from Warburg Securities. The broker expects the shares to outperform the market over the next year on above average dividend growth of 12 per cent and the potential approval of a new product, Sucralose.

Unilever gained 8 to 955p ahead of next week's results. The company's proposed sale of its low-margin agribusiness provided support.

In the food retailing sector, Albert Fisher gave up 3¼ to 63¾p following the overnight sale of 1.5m shares at 63p.

Heavy activity continued in Saatchi & Saatchi, which firmed a penny to 16p with almost 19m shares dealt and US investors said to be keen. Dealers said the interest had been sparked by a press report highlighting an upturn in advertising spending in the States.

A positive statement from Yorkshire Chemicals and a one-for-one scrip issue prompted the tightly-traded shares to jump 36 to 644p.

P & O shrugged off recent gloom and improved 10 to 402p, with Panmure Gordon, a broker to the company, reported to be among the day's leading buyers.

US demand lifted British Airways 8 to 267p. Lehman Brothers has placed the stock on its international buy list. Turnover reached 7.4m.

Profit-taking, along with a calmer view of Wednesday's results, left British Aerospace 3 lighter at 300p as turnover reached 5.3m.

MARKET REPORTERS:
Christopher Price,
Peter John, Colin Millham,
Joel Kibazo, Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 23.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
AGT	225	423	+3
ASDA Group	10,000	36	+½
Abbey National	668	284	+2
Albert Fisher	3,700	63¾	–3¼
Allied-Lyons	1,300	636	+3½
Amstrad	1,400	36	+½
Anglian Water	294	371	–1
Argos	636	285	+1
Argyll Group	1,500	316	+4
Arjo Wiggins	987	246	+7
Ass. Brit. Foods	159	436	–3
[illegible]			
Cookson	1,100	118	+2
Courtaulds	575	536	+3
Dalgety	704	380	+4
De La Rue	531	859	+1
Dixons	281	230	+1½
ECC Group	780	511	+1
Eastern Elect.	1,900	253	+3
East Midland Elect.	1,600	263	+5
Enterprise Oil	674	400	+6
Eurotunnel Units	1,800	445	–6
FKI	257	59	+½
[illegible]			
Lucas	4,500	118½	+1½
MB Caradon	318	385	
MEPC	582	385	
Manweb	447	323	+1
Marks & Spencer	4,400	317	–1
Midland Bank	2,500	236	+2
Midlands Elect.	678	274	–1
NFC	500	244	
NatWest Bank	10,000	285	–3
National Power	1,800	215	
Next	2,400	69	+½
[illegible]			

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A BRIGHT start to the stock index futures was soon reversed by disappointing corporate results and volatile trading, write Christopher Price and Joel Kibazo.

March opened strongly at 2,564 on the back of a firm Wall Street overnight and improved performance by Tokyo; by 9am it had moved swiftly to its high point of the day of 2,572. However, figures from Shell knocked March sharply, and it reached its low point of the day at 2,545 by 11am.

However, positive sentiment from the other European bourses began to rub off on the London market after midday and the FT-SE futures began a slow recovery. In spite of a lacklustre start, Wall Street picked up and March followed suit, ending the day at 2,564, up 14 on the previous session, and some 11 points above its estimated fair value premium to cash of about 10. Turnover reached 6,422 lots.

In the LTOM, traders reported a "directionless" session with turnover reaching 23,112 contracts. The FT-SE index option traded 5,624 lots. Glaxo was the day's busiest stock option, trading 4,330 contracts with the March 600 calls the busiest series. This was followed by BTR with a day's total of 2,678 lots.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
2pc IL 1992‡‡		135⅛xd	—	135⅛	125⅞	1.65	8.01
8pc 1992 ‡‡		99¾	—	99¾	95¾	8.03	8.65
10½pc Cv 1992‡‡		100⅛	—	100¾	98½	10.49	9.96
3pc 1992		98¾	—	98¾	91⅛	3.05	8.52
Exch 12¼pc 1992		101⅞xd	—	102⅜	100⅝	12.19	9.79
13½pc 1992		102⅛xd	—	104⅛	101¾	13.23	
Treas 8½pc 1993		98⅞	—	98⅞	94	8.34	
10pc 1993‡‡		100½	—	100¾	97⅛	9.95	
12½pc 1993‡‡		103¾	—	104¾	102⅜	12.04	
Funding 6pc 1993‡‡		95⅛xd	—	95⅛	89⅝	6.23	
Treas 13¾pc 1993‡‡		106¾	—	108⅜	105⅝	12.89	
8½pc 1994		98½	—	98½	92¾	8.63	
14½pc 1994‡‡		109⅛xd	—	111⅞	108⅛	13.30	
Exch 13½pc 1994		107¾	–⅛	109	105¾	12.55	
Treas. 10pc Ln. 1994‡‡		101⅛	–⅛	101⅛	96¾	9.89	
Exch 12½pc 1994		106½xd	—	107½	103⅞	11.74	
Treas 9pc 1994‡‡		99⅛	—	99⅛	93¼	9.08	
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡		101⅛	+⅛	101¾	92¾	9.35	9.22
Exch 12¼pc 1999		113⅞xd	+⅛	113¾	105¾	10.75	9.50
Treas 10½pc 1999		105¾	+⅛	106¾	97⅛	9.93	9.38
Conversion 10¼pc 1999		104¾	+⅛	104¾	95¾	9.80	9.38
9pc 2000‡‡		98¾xd	+⅛	98¾	89⅝	9.12	9.21
Treas 13pc 2000		119⅛	+⅛	119½	110½	10.89	9.56
10pc 2001		103¾xd	+⅛	104⅛	94⅛	9.62	9.33
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high
Index – Linked				
	(b)			
Treas. 2pc '94	(102.9)	124⅝	+⅛	124
2pc '96	(67.9)	180⅞xd	+⅛	180
2½pc '01	(78.3)	146½xd	+⅛	146
2½pc '03	(78.8)	141¾	+⅛	142
2pc '06	(69.5)	143¼xd	+⅛	
[illegible]				

OTHER FIXED INTEREST

[illegible]

APPOINTMENTS

RPC chairman

RPC Containers, the rigid plastics packaging company that has had four different owners in as many years, has chosen Lindsay Mackinlay, an ex-Rowntree man, as its non-executive chairman. He takes over from Charles Nicholson, a director at CINVen, RPC's lead institutional investor.

Mackinlay, now 55, has made something of a career of assuming non-executive roles since he stepped down as finance director of Rowntree when Nestlé acquired the confectioner in 1989.

With current directorships including Argos, Steetley, Henry Barrett Group, and Bradford and Bingley Building Society, Mackinlay had turned down various other offers before accepting the RPC assignment, says chief executive Ron Marsh; he believes Mackinlay may have been attracted by a management buyout company that has easily surpassed its first year targets despite depressed conditions in many of its markets.

Mackinlay's main contribution to the board will be his financial expertise and City contacts; the talents of the rest of the executive directors, originally managers from the plastics packaging division of Reed International, lie in other directions. If RPC decides to go for a stock market flotation – rather than selling out, as Reedpack did within two years to a Swedish group, a buyout from which formed RPC – he will be particularly useful.

Switches at Telemetrix

Arthur Walsh, the 65-year-old chairman of Telemetrix who took over last December, is reshuffling his board to create a "young and enthusiastic team" to take the information systems and electronics group through the next decade and beyond.

He has picked Tim Curtis, main board director of Unitech, old Etonian, Cambridge graduate and Harvard MBA as his new chief executive. Curtis is 49 and replaces Roy Cotterill, nearly 56, and credited with being the main architect of the company's recovery since 1989. Cotterill stays on as an executive member of the board.

With the need for both acquisitions and disposals in the near future very much in his mind, Walsh is also bringing in on to the board a former colleague from STC, the telecommunications group. Kenneth Gardener, recently vice president, mergers and acquisitions at Northern Telecom Europe, previously worked for Walsh at STC, and impressed him with his negotiating skills, notably in the divestment of 80 per cent of ICL to Fujitsu.

Cyril Newnham, who has been on the board of Telemetrix for nearly two years and is chairman of the US subsidiary GTI, is resigning to pursue his own business interests in the UK.

Marietta Johns, 50, has become head of sales at Acuma, the fee-based personal financial planning subsidiary of the American Express Group in the UK, with the title of senior vice-president.

The appointment makes her the only woman head of sales of a big UK life company. She heads a salesforce of 450, recruited since February 1990 and has a mandate to build it up to 700 by the end of 1992.

Johns, an American with three children, progressed from financial planner at IDS Financial Services in Minneapolis to senior vice-president within three years. She had earlier spent a decade as a music teacher.

■ Charles Wilson, formerly chief solicitor at Abbey National, is appointed group secretary of NATIONWIDE Building Society.

■ MV Sreedhar Menon and Jill Considine have been appointed to the board of AMERICAN EXPRESS BANK.

■ Mark Mazzonelli is moving from Merrill Lynch, together with two colleagues – Ismail Dadhaboy and Simon Tims – to become director and head of the repo finance desk of SWISS BANK CORPORATION.

■ Ken Humphries, formerly a deputy md of UBS Phillips and Drew, has been appointed a director of KLEINWORT BENSON and will be responsible for the sales and trading of sterling corporate debt.

■ John Miller, currently director of operations with Hutchison Microtel, is appointed information systems director of LEEDS PERMANENT Building Society; he will succeed Peter Lumb who retires in July.

■ William Lucas, md if Waverley Asset Management, is appointed a director of WESTRALIAN RESOURCE PROJECTS.

■ Noreen Doyle, currently md European structured sales at Bankers Trust in London, has been appointed head of syndications in the merchant banking vice-presidency of the EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT.

■ Douglas Gordon is head of SCHRODER SECURITIES' UK equity team.

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (82).
AMERICANS (7) Chase Manhattan, Chrysler, Dial, Eaton, Echlin, Lowe's, Whirlpool, BANKS (3) Deutsche, HSBC, Standard Chartered, BREWERS & DISTILLERS (5) Fosters, Guinness 5¾pc Cv. '06-01, Holt (J), Young A, Do. N/V, BUILDING MATERIALS (4) Heywood Williams, Do. Prf., St. Gobain, Titon, BUSINESS SERVICES (2) Barbour Index, RCO, CHEMICALS (2) MTM, Yorkshire, CONTRACTING & CONSTRUCTION (1) Maunders (J), ELECTRICALS (1) Motorola, ELECTRONICS (8) ACT, Cray, Druck, Eurotherm, Farnell, Hewlett-Packard, Macro 4, Sage, Siemens, ENGINEERING GENERAL (4) Black & Decker, Bullough, Molins, Powerscreen, FOOD MANUFACTURING (3) Cadbury, Delepak, Unilever, FOOD RETAILING (2) Morrison (Wm), Park, HEALTH & HOUSEHOLD (4) AAH, Community Hospitals, Huntleigh Tech., Takare, HOTELS & LEISURE (3) Granada, Do. 7.5p (Net) Prf., Tanjong, INSURANCE BROKERS (1) Berry Birch & N., INSURANCE COMPOSITE (1) Aon, INVESTMENT TRUSTS (6) M & G Inc. Zero Prf., Manakin, Pacific Assets, St. Davids Zero Prf., Templeton Emrg. Mkts., Do. 1p Loan 2001, MEDIA (4) Abbott Mead V., Central ITV, Daily Mail A, Headline Book, METAL & METAL FORMING (1) Downiebrae, MISCELLANEOUS (3) Akusmac, FII, Lionheart, MOTORS (2) Cowie (T), Davenport Vernon, OIL & GAS (1) NZ Oil, OTHER FINANCIAL (1) S & U Stores, OTHER INDUSTRIAL MATERIALS (1) Servomex, PACKAGING, PAPER & PRINTING (4) Bowmore, De La Rue, Ferry Pickering, Microfilm Reprographics, PROPERTY (1) Slough Ests. 8pc Cv. 2003, STORES (2) Boots, Lloyds Chemists, TEXTILES (1) Claremont Garments, TRANSPORT (3) BAA, Brit. Airways, Do. Cap. 9¾pc Cv.

NEW LOWS (36).
BUILDING MATERIALS (1) Ward Grp., BUSINESS SERVICES (3) Brook Service, Gardiner, REA, CONGLOMERATES (1) Jourdan (T), CONTRACTING & CONSTRUCTION (1) Howard, ELECTRONICS (3) Acorn Computer, Kewill Systs., Riva, ENGINEERING AEROSPACE (1) UMECO, ENGINEERING GENERAL (2) Fenner, Ransomes 5.25p Prf., HOTELS & LEISURE (1) Kunick 8¼pc Prf., INVESTMENT TRUSTS (6) City of Oxford Wrrts., Danae Inc., Drayton Eng. & Intl., Gartmore Scot. Cap., Murray Split Cap., River Plate Cap., MEDIA (1) MML, MISCELLANEOUS (1) Dinkie Heel, OIL & GAS (8) Alliance Res., Bow Valley, Brit. Borneo, BP, Plet Petrlm., Ultramar, OTHER FINANCIAL (3) Cambridge, East German, LIT, PACKAGING, PAPER & PRINTING (1) Delyn, PROPERTY (4) Cap. & Counties, Chesterfield, Derwent Valley, Regalian, TRANSPORT (1) Tiphook, MINES (2) Angloesy, Cluff Res.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		38⅝xd	-$\frac{13}{32}$	38⅝	20⅞	16,159	1.6
♥Allegheny & W		315p	-6	385p	218p	183.7	5.4
Amdahl		1084pxd	-29	1071p	667p	1,114	0.6
Amer Cyanamid		34½	—	42⅛	25⅜	3,217	2.4
Amer Express		12⅛xd	-$\frac{1}{16}$	17⅞	9$\frac{11}{16}$	5,703	4.7
Amer T & T		21$\frac{3}{16}$xd	-$\frac{1}{16}$	24½	15¼	27,874	3.5
Ameritech		30½	+⅜	38⅞	32½	15,543	5.4
BankAmerica		23⅛xd	+¼	25$\frac{3}{16}$	12$\frac{3}{16}$	5,927	3.2
Bankers NY		35⅝xd	+⅜	38$\frac{1}{16}$	20$\frac{1}{16}$	2,927	7.7
Bell Atlantic		25⅜xd	—	30½	24¼	9,979	5.6
BellSouth		28⅞	—	31¼	25	13,085	5.8
♥Bethlehem Steel		8⅝xd	+⅛	11¼	6$\frac{3}{16}$	867.4	—
Bowater		1398p	+23	1838p	1042p	582.2	4.8
CPC		45⅝xd	-⅜	54$\frac{11}{16}$	37$\frac{11}{16}$	3,448	2.7
California Engy		691p	—	930p	420p	125.8	—
Campbell Soup	h	22	+$\frac{3}{16}$	25	14⅛	5,530	1.8
Chase Manhattan		14$\frac{3}{16}$xd	+$\frac{1}{16}$	14$\frac{3}{16}$	5$\frac{3}{16}$	1,929	4.8
Chrysler		9⅝xd	+⅛	9⅝	5⅜	2,813	3.5
Citicorp		9⅝xd	+$\frac{3}{16}$	10⅜	4⅝	3,305	—
Colgate-Palm		26¾xd	-$\frac{3}{16}$	27⅝	21$\frac{3}{16}$	3,817	2.9
Cont'l Bank		866p	—	928p	438p	864.8	5.3
Dana		28⅝xd	+⅞	21⅝	13⅝	847.8	4.4
Data General		669p	-10	1282p	203p	182.1	—
Dial		28$\frac{3}{16}$xd	+$\frac{5}{16}$	28$\frac{3}{16}$	12⅞	1,119	2.8
Dun & Brad		31⅝	+⅛	31⅝	20¾	5,543	3.8
Eaton		48¼	+⅜	48¼	24¼	1,370	3.1
Echlin		9$\frac{3}{16}$xd	+¼	9$\frac{3}{16}$	5½	513.1	4.3
FPL		19⅝xd	+$\frac{3}{16}$	20⅛	14$\frac{7}{16}$	3,326	6.9
Fluor		24⅝xd	-$\frac{3}{16}$	30$\frac{7}{16}$	17$\frac{7}{16}$	1,993	0.9
Ford Motor		21$\frac{11}{16}$xd	+$\frac{11}{16}$	23¼	13	10,385	2.6
Gen Elect		44$\frac{11}{16}$xd	+⅛	46$\frac{11}{16}$	28$\frac{3}{16}$	38,942	2.6
♥General Host		582p	-25	698p	270p	—	4.0
Gillette		27¾xd	+½	45¼	20⅞	6,057	1.3
Hasbro		21⅜	+2⅞	24	7$\frac{11}{16}$	1,225	0.5
Honeywell		41⅞xd	-$\frac{1}{16}$	42$\frac{3}{16}$	21¾	2,929	2.2
Houston Inds		33¼	—	24⅜	17⅞	3,061	7.0
IBM		51$\frac{7}{16}$xd	+¼	72$\frac{1}{16}$	48	29,429	5.3
Ingersoll-Rand		36¼xd	—	36¼	18$\frac{7}{16}$	1,805	2.0
Lockheed		25⅞xd	+½	28⅛	16¼	1,638	4.4
Lowe's		2469p	+6	2409p	1245p	877.2	1.3
Merrill Lynch		32⅞xd	+⅛	39$\frac{13}{16}$	10$\frac{3}{16}$	3,374	1.7
Morgan (JP)		34¼xd	+1¼	38¼	21$\frac{11}{16}$	6,469	3.6
Morris (Philip)		42½xd	+$\frac{1}{16}$	44⅝	25$\frac{7}{16}$	39,231	2.8
NYNEX		41⅞	-⅛	46¾	39	8,483	6.1
[illegible]							

CANADIANS

[illegible]							

BANKS

[illegible]								

BREWERS & DISTILLERS

[illegible]								

BUILDING MATERIALS

[illegible]								

BUILDING MATERIALS - Cont.

[illegible]								

BUSINESS SERVICES

[illegible]								

CHEMICALS

[illegible]								

CONGLOMERATES

[illegible]								

CONTRACTING & CONSTRUCTION

[illegible]								

CONTRACTING & CONSTRUCTION - Cont.

[illegible]								

ELECTRICALS

[illegible]								

ELECTRICITY

[illegible]								

ELECTRONICS

[illegible]								

ENGINEERING AEROSPACE

[illegible]								

ENGINEERING GENERAL

[illegible]								

ENGINEERING - GENERAL - Cont.

[illegible]								

FOOD MANUFACTURING

[illegible]								

FOOD RETAILING

[illegible]								

HEALTH & HOUSEHOLD

[illegible]								

HEALTH & HOUSEHOLD - Cont.

[illegible]								

HOTELS & LEISURE

[illegible]								

INSURANCE BROKERS

[illegible]								

INSURANCE COMPOSITE

[illegible]								

INSURANCE LIFE

[illegible]								

INVESTMENT TRUSTS

[illegible]								

INVESTMENT TRUSTS - Cont.

[illegible]								

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

METALS & METAL FORMING

[illegible]

OIL & GAS - Cont.

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

STORES - Cont.

[illegible]

MINES - Cont.

[illegible]

MISCELLANEOUS

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

PROPERTY

[illegible]

OTHER FINANCIAL

[illegible]

TRANSPORT

[illegible]

MEDIA

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

WATER

[illegible]

MOTORS

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

STORES

[illegible]

MINES

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

MERCHANT BANKS

[illegible]

OIL & GAS

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ¥ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♣ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

Confederation Funds Mngt Ltd (1200)F
Lytton Way, Stevenage, Herts SG1 2NN 0438 744840

Gartmore Fund Managers (1200)F
Gartmore House, 16-18 Monument Street London EC3R 8AJ 071-782 2000
Dealers only 0277-264421
Investor Services' Freephone 0800-289 336

INVESCO MIM UT Mngrs Ltd -Contd.

Marslife Management Ltd (1200)F

National Provident Inv Mgrs Ltd (1400)H

SIL Investment Management Ltd (0830)F

MGM Unit Managers Ltd (1000)F
MGM House, Heene Rd, Worthing
Dealing: 0277 261010 Enq: 0903 204631

High Income	5	226.2	228.9	243.5	+0.2	6.54
(Accum Units)	5	366.9	371.3	395.0	+0.2	6.54
UK Growth	5	282.0	285.2	303.3	-0.4	4.47
(Accum Units)	5	340.4	344.3	366.2	-0.4	4.47
Int Equity Gth ♣	5	48.46	48.69	51.79	+0.11	1.10
Intl Bond	5	54.58	54.58	57.30	+0.84	7.76
Special Sits Grth	5	15.18	15.82	16.82	+0.1	3.87
North American Grth	5	71.81	72.12	76.72	+0.16	0.94
European Growth ♣	6	50.45	50.66	53.89	-0.37	1.29

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

MW Joint Investors	0	1081.9	1081.9	1108.41	.....	4.36

Maldon Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford & Rutland Ct EH3 8E7 031 222 4242

Maldon General	0	103.9	103.9xd	107.1	.....	5.43

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Norwich Union Life Insurance Soc.—Contd.				
Pensionmaster* & Unit-Linked Plan*				
Mixed Fund	441.2	454.4	+0.1	–
Ordinary Share Fund	660.0	694.7	+2.3	–
International Fund	173.3	182.4	-1.6	–
Property Fund	261.1	274.8	+0.3	–
Fixed Interest Fund	396.5	417.4	+0.2	–
Index-Linked Sec Fund	192.9	203.1	-1.0	–
Deposit Fund	276.0	290.5	+0.5	–
Norwich Units Nov 15	1053.70		—	–
*Prices as at February 18				
Jersey Investment Plan				
With Profits Fund	121.81	128.22	+0.04	–
Intl Equity Fund	94.42	99.39	+0.43	–
Intl Bond Fund	120.72	127.07	+0.98	–
Norwich Union Pensions Management Ltd				
Surrey Street, Norwich, NR1 3NG 0603 683335				
Group Pooled Pensions				
Balanced Managed Fd	315.72	320.91	-1.43	–
Growth Managed Fd	104.79	106.60	-0.61	–
Sentinel Managed Fd	104.01	105.42	-0.38	–
Prices as at February 19				
Pearl Assurance (Unit Funds) Ltd				
Thorpe Wood, Peterborough PE3 6SA 0733 63212				
Prop. Dist. (Gross)	133.5	140.6	+0.1	–
Prop. Acc. (Gross)	254.5	267.9	+0.1	–
Equity (Gross)	859.2	904.4	-1.0	–
Managed (Gross)	602.3	634.0	-0.4	–
Prop. Acc. (Net)	121.4	127.8		–
Equity (Net)	199.4	209.8	-0.3	–
Managed (Net)	185.7	195.4	-0.1	–
International (Net)	169.5	178.4	+0.2	–
Gilt & Fxd Interest	134.0	141.1		–
[illegible]				

	Bid Price	Offer Price	+ or -	Yield Gross
Provident Mutual Life Assc. Assn.—Contd.				
Pension Funds				
Managed Ord	458.6	482.7	+0.7	–
Managed Init	338.6	356.4	+0.5	–
Equity Ord	692.9	729.4	-0.2	–
Equity Init	511.5	538.4	-0.2	–
Pen Ind Lkd Gilt Ord	181.5	191.1	...	–
Pen Ind Lkd Gilt Init	139.9	147.3	-0.1	–
Overseas Equity Ord	324.1	341.2	+2.3	–
Overseas Equity Init	239.2	251.8	+1.6	–
Property Ord	272.6	286.9	+0.1	–
Property Init	201.2	211.8	...	–
Fixed Interest Ord	278.6	293.3	+0.1	–
Fixed Interest Init	205.7	216.5	+0.1	–
Deposit Ord	259.6	273.3	+0.1	–
Deposit Init	191.6	201.7	–	–
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prudence				
Managed Feb 19	1258.2	269.0	...	–
Prudential Corporate Pension Funds				
1 Stephen St, London W1P 2AP 071-548 3281				
Prudential Managed Funds				
Discretionary Feb 19	£183.64	189.34	+0.80	–
Equity Feb 19	£207.99	214.64	+0.94	–
International Feb 19	£28.33	28.96	+0.13	–
Intl Bond Feb 19	£14.60	14.70	+0.29	–
Fixed Int Feb 19	£100.89	102.03	+0.36	–
Index Linked Feb 19	£73.75	74.60	-0.26	–
Property Feb 19	£106.70	112.79	+0.4	–
[illegible]				

Scottish Amicable [illegible]

Sun Alliance Group [illegible]

Wesleyan Assurance Society [illegible]

Windsor Life Assur Co Ltd [illegible]

Zurich Life Assurance Co Ltd [illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

Providence Capitol International Ltd [illegible]

J. D. Ward Financial Services Ltd [illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

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ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Profit-takers depress dollar

THE dollar came off its highs yesterday, pushed down by profit-taking late in the afternoon, *writes Peggy Hollinger.*

Traders said a large selling order from a south-east Asian bank had been responsible for the dollar dip. In New York, rumours that the Bundesbank and Federal Reserves were checking prices helped to push the currency lower in US trading.

Traders said the US unit may have entered a phase of consolidation after the heady rises of recent days. In fact, said Mr David Cocker of Chemical Bank, the dollar had dipped almost to the level where, "if it had gone lower we would have started to see more aggressive selling".

There appeared to be a growing sense of nervousness about the dollar's strength, although there still appeared to be significant underlying demand.

Some economists suggested the US currency's strength was premature. "We are still likely to see further evidence of the weakness of the US economy," said Dr Gerard Lyons, of DKB International.

His comments were reinforced by worse than expected US data. The US December trade deficit came to $5.94bn, compared with forecasts of $4.9bn, while the weekly jobless figure rose by 18,000 – some 12,000 more than expected. The dollar largely ignored the numbers, however, and was trading above DM1.65 for a good part of the day. The US unit closed unchanged in London at DM1.6470.

Two tranches of overnight intervention from the Bank of Japan failed to deter the dollar's early strength. The dollar closed near its highs against the yen at Y128.50. The Bank of Japan had intervened at Y128.23 and Y127.75.

Mr Cocker said that the market had been too aware of the Bank of Japan's actions, too far in advance for the intervention to have any affect. "If the market knows the Bank of Japan will be there, it won't turn the yen around," he said.

The D-Mark weakened against the Japanese currency from DM1.2808 to DM 1.2844 per 100 yen. The Bundesbank made it clear, yet again, after the conclusion of its council meeting that it had no intention of changing monetary policy.

The D-Mark hit a five-month low against the French franc during the day, falling below FFr3.40. It recovered to close at FFr3.4015. The franc was initially boosted by comments from finance minister Pierre Bérégovoy, although enthusiasm was dampened by speculation of an imminent rate cut in France.

The Dutch took advantage of the weaker D-Mark to cut the special advances money market rate from 9.4 per cent to 9.3 per cent. The Guilder slipped to 112.5100/75 as a result.

Sterling fell below its exchange rate mechanism floor of DM2.8853 to close at DM2.8825, compared with DM2.8850 on Wednesday. Traders said that it had taken little notice of GDP statistics which showed that the UK economy, excluding oil, had shrunk for the sixth consecutive quarter.

£ IN NEW YORK

Feb.20	Latest	Previous Close
£ Spot	1.7535-1.7545	1.7565-1.7565
1 month	0.85-0.84pm	0.90-0.89pm
3 months	4.81-4.78pm	2.52-2.49pm
12 months	8.52-8.45pm	8.60-8.50pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 20	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.096	-4.14	6.13	72
Belgian Franc	42.4032	42.0996	-0.72	2.47	38
Dutch Guilder	2.31643	2.30267	-0.59	2.34	33
D-Mark	2.05586	2.04704	-0.43	2.17	32
Irish Punt	0.767417	0.765692	-0.22	1.96	13
Italian Lira	1538.24	1534.97	-0.21	1.95	14
French Franc	6.89509	6.95696	0.90	0.83	-45
Danish Krone	7.84195	7.92918	1.11	0.62	-48
Sterling	0.696904	0.708995	1.73	0.00	-34

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7405 - 1.7540	1.7500 - 1.7510	0.85-0.83cpm	5.76	4.82-4.77pm	10.96
Canada	2.0625 - 2.0730	2.0715 - 2.0725	0.52-0.45cpm	2.81	1.44-1.32pm	2.66
Netherlands	3.2375 - 3.2475	3.2375 - 3.2475	¼cpm-par	0.46	½-¼pm	0.46

EURO-CURRENCY INTEREST RATES

D-Mark	9⅝ - 9¼	9½ - 9⅜	9¾ - 9⅝	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾
French Franc	9⅞ - 9⅝	9⅞ - 9¾	9⅞ - 9¾	10 - 9⅞	9⅞ - 9¾	9⅞ - 9⅝
Italian Lira	12 - 10	12⅛ - 11⅞	12⅛ - 11⅞	12⅛ - 11⅞	12⅛ - 11⅞	12 - 11⅝
Belgian Franc	9⅝ - 9⅜	9⅝ - 9½	9⅝ - 9⅜	9⅝ - 9⅜	9⅝ - 9⅜	9⅝ - 9⅜
Yen	5⅝ - 5⅜	5⅝ - 5⅜	5⅜ - 5¼	5⅜ - 5¼	4⅞ - 4¾	4¾ - 4⅝
Danish Krone	9⅞ - 9½	9⅞ - 9½	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 10	10⅛ - 10
Asian $Sing	3⅛ - 3	3⅛ - 3	3⅜ - 3¼	3⅜ - 3¼	3½ - 3⅜	3⅝ - 3½

Long term Eurodollars: two years 5¾-5⅝ per cent; three years 6½-6⅜ per cent; four years 6¾-6⅝ per cent, five years 7⅛-7 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.20	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.751	2.883	225.0	9.803	2.608	3.243	2162	2.072	59.60	1.407
$	0.571	1	1.646	128.5	5.599	1.489	1.852	1235	1.183	34.04	0.804
DM	0.347	0.607	1	78.04	3.400	0.905	1.125	749.9	0.719	20.67	0.488
YEN	4.444	7.782	12.81	1000.	43.57	11.59	14.41	9609	9.209	264.9	6.253
F Fr.	1.020	1.786	2.941	229.5	10	2.660	3.308	2205	2.114	60.80	1.435
S Fr.	0.383	0.671	1.105	86.27	3.759	1	1.243	829.0	0.794	22.85	0.539
N FL.	0.308	0.540	0.889	69.38	3.023	0.804	1	666.7	0.639	18.38	0.434
Lira	0.463	0.810	1.333	104.1	4.534	1.206	1.500	1000.	0.958	27.57	0.651
C$	0.483	0.845	1.391	108.6	4.731	1.259	1.565	1043	1	28.76	0.679
B Fr.	1.678	2.938	4.837	377.5	16.45	4.376	5.441	3628	3.477	100.	2.361
Ecu	0.711	1.244	2.049	159.9	6.967	1.854	2.305	1537	1.473	42.36	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

*Floating rate. Iran Official rate £117.40 $65.00

FINANCIAL FUTURES AND OPTIONS

Estimated volume 1628 (1265)
Previous day's open int. 8650 (8668)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	92.46	92.50	92.45	92.52
Jun	92.67	92.74	92.66	92.74
Sep	92.94	93.00	92.94	93.00
Dec	93.08	93.11	93.10	93.14

Estimated volume 4598 (1939)
Previous day's open int. 31504 (31381)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Mar	2565.0	2572.0	2545.0	2550.0
Jun	2604.0	2607.0	2589.0	2588.0
Sep	2638.5			2622.5

Estimated volume 7955 (7537)
Previous day's open int. 39446 (40223)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Mar	1148.0			1142.0
Jun				

Estimated volume 0 (0)
Previous day's open int. 142 (142)

* Contracts traded on APT. Closing prices shown.

Estimated volume 4,730 Total Open Interest 7,611

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
107	0.86	-	-	0.03	0.22	-
108	0.14	-	-	0.31	0.45	-
109	0.01	0.98	-	1.16	0.79	-
110	-	0.53	-	-	1.35	-
111	-	0.27	-	-	-	-
112	-	0.12	-	-	-	-
113	-	-	-	-	-	-
Open Int.	126,905	71,746	9,533	104,667	53,544	3,176

Estimated volume 17,083 Total Open Interest 369,571

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7505	1.7421	1.7253	1.7036	1.6658

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

UK rates firm

RATES at the short end of the money markets stayed high for most of the day, as traders settled down to the idea of a hold on UK interest rates until March.

Some dealers suggested the Bank of England had this week deliberately traded in a manner designed to cool speculation over rates. "It has operated in a steady, non-hystrionic fashion," said one senior dealer. "It has been doing its best to maintain the status quo in the markets, and I think it has succeeded."

There was little paper on offer to ease the money rates, as the Bank stayed out of the market until noon. The forecast shortage was lower than expected at £750m.

The shortfall was mainly comprised of treasury bills and maturing assistance. Exchequer transactions provided liquidity of about £590m.

The Bank of England purchased band one and two bank bills totalling just £21m at rates of 10⅜ per cent before lunch.

Rates were somewhat easier when the Bank stepped in with help amounting to £529m in band one treasury and bank bills, and band two bank paper all at 10⅜ per cent. However, it took late assistance of £240m to bring the overnight rate – which had been trading at more than 11 per cent during the day – down by a significant amount. Overnight money closed at 10⅝-¼ per cent, thus promising an easier day tomorrow.

The one week rate, which edged as high as 10$\frac{11}{16}$-⅝ per cent during the day, closed at 10½-⅜ per cent. The key three-month interbank rate, which shadows base rates, was steady at 10¼-$\frac{3}{16}$ per cent.

In the futures market, the March short sterling contract was looking for a cut in rates next month, as it closed at 89.87. This implies an interest rate of 10.13 per cent, lower than in recent days.

Call rates in Germany eased from 9.55/65 to 9.50/60 per cent, as payments of government notes and a cash injection through a repurchase agreement boosted liquidity. About DM6bn was expected to enter the banking system yesterday through principal and interest payments on the government notes.

In the US, the funds rate was trading at 4$\frac{1}{16}$ per cent, compared with the perceived target of 4 per cent. The Federal Reserve added liquidity through a $1.5bn customer repurchase agreement.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

11.00 a.m. Feb.20 3 months US dollars		6 months US Dollars	
bid 4⅛	offer 4¼	bid 4¼	offer 4⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6½	One month	-	Three year	5.79
Broker loan rate	6	Two month	-	Five year	6.65
Fed funds	4$\frac{1}{16}$	Three month	3.96	Seven year	7.02
Fed funds at intervention	4$\frac{1}{16}$	Six month	4.12	10-year	7.39
		One year	4.32	30-year	7.91
		Two year	5.27		

Feb 20	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.50-9.60	9.50-9.60	9.50-9.60	9.50-9.60	9.45-9.55	9.75
Paris	9$\frac{11}{16}$-9$\frac{13}{16}$	9⅞-10	9⅞-10	9⅞-10	9$\frac{13}{16}$-9$\frac{15}{16}$	9.60
Zurich	6⅝-6⅞	7¼-7½	-	7¼-7½	-	-
Amsterdam	9.00-9.13	9.48-9.60	-	9.48-9.56	-	-
Tokyo	5⅜-5⅝	5½-5⅝	-	-	-	-
Milan	12-12¼	12¼-12½	-	12⅜-12⅝	-	-
Brussels	9.44-9.56	9⅜-9½	-	9⅜-9½	-	-
Dublin	10⅜-10⅝	10½-10¾	10½-10¾	10⅜-10⅝	10¼-10½	-

LONDON MONEY RATES

Feb 20	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11⅛	10½	10⅜	10¼	10⅜	10⅜
Interbank Bid	10	10⅜	10¼	10⅛	10¼	10¼
Sterling CDs	-	-	10⅜	10¼	10⅛	10
Local Authority Deps	10¼	10⅜	10⅜	10$\frac{3}{16}$	10$\frac{1}{16}$	10
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10¼	10½	-	-	-	-
Company Deposits	-	-	10⅜	10⅜	10⅜	10¼
Finance House Deposits	-	-	10⅜	10⅜	10⅜	10⅜
Treasury Bills (Buy)	-	-	10⅛	9$\frac{15}{16}$	9⅞	-
Bank Bills (Buy)	-	-	10⅛	9$\frac{15}{16}$	9½	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.17	4.17	4.22	4.65
SDR Linked Dep. Offer	-	-	6⅜	6⅜	6⅜	6⅝
SDR Linked Dep. Bid	-	-	6¼	6¼	6¼	6½
ECU Linked Dep. Offer	-	-	10⅛	10⅛	10⅛	10
ECU Linked Dep. Bid	-	-	9$\frac{15}{16}$	9$\frac{15}{16}$	10	9⅞

Treasury Bills (sell); one-month 9$\frac{15}{16}$ per cent, three months 9$\frac{13}{16}$ per cent; six months 9$\frac{11}{16}$ per cent; Bank Bills (sell) one-month 10 per cent, three months 9¾ per cent; Treasury Bills; Average tender rate of discount 9.7764 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1992. Agreed rates for period Feb.26, 1992 to March 24, 1992. Scheme I: 11.75 p.c., Schemes II & III 12.01 p.c. Reference rate for period Jan 1, 1992 to January 31, 1992, Scheme IV&V: 10.713 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from February 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

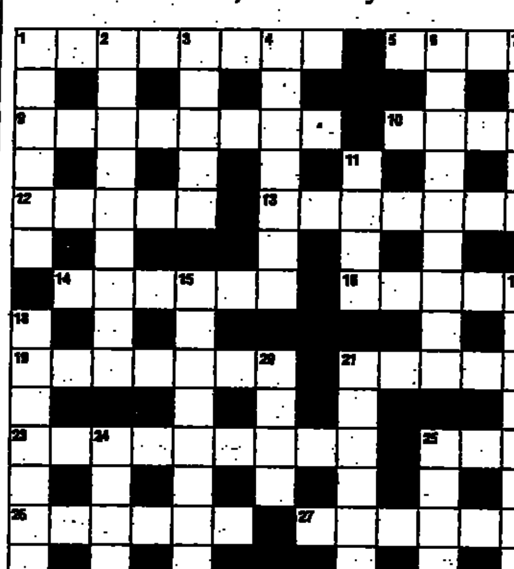
MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

No.7,779 Set by MUTT



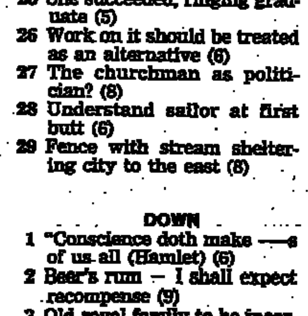
ACROSS

1 Dog with fleas, about turn! – with a fancy twist (8)
5 Take in what sailor has an eye for (6)
9 Greeting a bobby with promise about material (8)
10 What's afoot with the French in Lancashire? (6)
12 Where buskers may introduce a puzzling sketch (5)
13 Operation that has to be carried out in the dark? (5-4)
14 See 18
16 The glass could be drier, perhaps? (7)
19 Football team always putting on weight (7)
21 A person connected with the family finding a blunt needle (6)
23 How to do differently, without turning over copper, to avert the omen (5,4)
25 She succeeded, ringing graduate (5)
26 Work on it should be treated as an alternative (6)
27 The churchman as politician? (8)
28 Understand sailor at first butt (6)
29 Fence with stream sheltering city to the east (8)

DOWN

1 "Conscience doth make —s of us all (Hamlet) (6)
2 Bear's rum – I shall expect recompense (9)
3 Old royal family to be incorporated, like? (5)
4 Just a piano (7)
5 Some old b—'s gone mad and put out flowers (9)
7 Abroad, do we have to strip? (5)
8 Rex, putting mugs out, waves (8)
11 Sally Black ringing squadron-leader (4)
15 Lay hands on a European constable (9)
17 Entirely up against it, with order to draw money becoming a recurrent theme (9)
18, 14 What made the teetotal brother belch? Being upset by the German dramatist (8,6)
20 Light direction in progress (4)
21 Got to live; it'd be up to me when to retire (7)
22 The one who sleeps soundly (6)
24 Extreme, say? (5)
25 Do without the sound of a roller (5)

Solution to Puzzle No.7,778



WORLD STOCK MARKETS

AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — FRANCE (continued) — GERMANY — GERMANY (continued) — ITALY — NETHERLANDS — NORWAY — SPAIN — SWEDEN — SWEDEN (continued) — SWITZERLAND — SOUTH AFRICA — JAPAN — AUSTRALIA — AUSTRALIA (continued) — HONG KONG — MALAYSIA — SINGAPORE

[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

3:00 pm prices February 20

Quotations in cents unless marked $

[illegible]

MONTREAL

3:00 pm prices February 20

[illegible]

INDICES

NEW YORK

DOW JONES	Feb 19	Feb 18	Feb 14	Feb 13	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
‡Industrials	3230.32	3224.73	3245.97	3246.65	3276.83 (12/2)	3172.41 (2/1)	3276.83 (12/2/92)	41.22 (2/7/32)
Home Bonds	98.90	98.84	99.00	99.06	99.81 (6/2)	98.77 (3/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1424.89	1420.03	1406.20	1386.21	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	205.50	206.00	207.81	208.12	225.59 (3/1)	205.50 (19/2)	236.23 (2/1/90)	10.50 (8/4/32)

‡Day's High 3259.17 (3280.19) Low 3194.02 (3195.66)

STANDARD AND POOR'S

	Feb 19	Feb 18	Feb 14	Feb 13	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite †	408.26	407.38	412.48	413.69	420.77 (15/1)	407.38 (18/2)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	485.15	483.91	491.00	492.30	499.27 (15/1)	483.91 (18/2)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.06	33.93	34.09	34.29	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	225.85	225.65	228.16	228.73	231.85 (15/1)	225.65 (18/2)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	407.46	409.20	414.27	415.27	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	622.41	626.41	636.43	639.10	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Feb 14	Feb 7	Jan 31	year ago (approx.)
Dow Industrial Div. Yield	2.82	2.88	2.87	3.44

	Feb 12	Feb 5	Jan 29	year ago (approx.)
S & P Industrial div. yield	2.54	2.56	2.59	2.91
S & P Indl. P/E ratio	25.61	25.43	25.10	17.89

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Unisys	5,777,200	10⅝	- ⅞
Hewlett	3,893,700	73⅝	+ 9¼
Citicorp	3,883,600	16¾	+ ¼
Countrywide	3,857,100	35⅛	- 3½
Ford	3,302,000	38⅞	+ 1¼
Oak Ind	3,177,500	2¼	+ ½
LTV	3,110,700	¾	+ ¼
Wal-Mart	2,812,500	52	+ ⅜
AT & T	2,724,200	38	+ ¼
Chrysler	2,304,600	16⅝	+ ¼

TRADING ACTIVITY

† Volume (Millions)	Feb 19	Feb 18	Feb 14
New York SE	228.669	231.803	214.840
Amex	15.766	20.001	16.822
NASDAQ	207.782	218.700	206.288
NYSE			
Issues Traded	2,212	2,229	2,195
Rises	758	702	791
Falls	951	1,076	904
Unchanged	503	451	500
New Highs	80	119	95
New Lows	28	33	17

CANADA

TORONTO	Feb 19	Feb 18	Feb 17	Feb 14	1992 HIGH	1992 LOW
Metals & Minerals	3134.95	3138.01	3147.14	3120.63	3238.87 (16/1)	2935.22 (2/1)
Composite	3543.30	3551.20	3570.80	3573.89	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1855.78	1855.78	1871.68	1872.65	1937.59 (16/1)	1855.78 (18/2)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10, and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

AUSTRALIA — AUSTRIA — BELGIUM — DENMARK — FINLAND — FRANCE — GERMANY — HONG KONG — IRELAND — ITALY — JAPAN — MALAYSIA — NETHERLANDS — NORWAY — PHILIPPINES — SINGAPORE — SOUTH AFRICA — SOUTH KOREA — SPAIN — SWEDEN — SWITZERLAND — TAIWAN — THAILAND — WORLD

[illegible]

					1992 HIGH	1992 LOW
THAILAND Bangkok SET (30/4/75)	799.11	806.51	(c)	816.50	816.50 (17/2)	711.81 (3/1)
WORLD M.S. Capital Intl (1/1/70) (S)	507.6*	506.8	511.5	515.9	542.10 (7/1)	505.90 (19/2)
Euro Top-100 (26/6/90)	924.42	918.96	922.16	913.55	924.42 (20/2)	870.31 (2/1)

**Saturday February 15 Taiwan Weighted Price 4692.53 Korea Comp Ex. 647.71.
a Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7. JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Thursday 20 February 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	4.9m	347	0	Sagami Rail	3.1m	629	+29
Keihin Express	4.2m	809	+9	Mitsubishi Heavy	2.8m	628	-2
Odakyu Electric	4.1m	879	+22	Hitachi	2.3m	845	-3
Japan Storage	3.6m	1,030	+40	Sumitomo Metal	2.1m	347	+7
Toshiba	3.3m	595	-27	Tamura Electric	2.0m	1,880	+210

3:00 pm prices February 20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	12¾	AAR Corp	0.48	3.1	17	692	15¾	15⅜	15⅝	+⅛
28	20⅞	A L Labs A	0.16	0.7	23	279	21½	21⅛	21⅜	+⅛
68¾	58⅛	AMP Inc	1.62	2.4	25	1631	62¼	62	62¾	
77⅞	68⅞	AMR			2	75956	u78¾	76⅛	78¾	+3
2⅜	1⅜	ARX			2	8	2⅛	2⅛	2⅛	
53½	46⅛	ASA x	2.75	5.5	14	250	50¼	49⅜	49⅜	-⅛
68⅝	60¼	Abbott Lab	1.00	1.6	24	6012	62¾	61¾	62	
13¼	12⅛	Abitibi Pr	0.43	3.3	13	2	13⅛	13⅛	13	
11⅝	10½	ACM Gvt In x	0.96	9.0		108	10⅝	d10½	10⅝	
10⅜	9⅛	ACM GvOpp x	0.80	8.6		293	9¼	d9⅛	9¼	
9½	8⅝	ACM Gvt So	1.01	11.5		231	8⅞	8¾	8¾	
11¼	10⅛	ACM Gvt Se	0.96	9.0		425	10⅝	10½	10⅝	
9⅞	8⅝	ACM Man x	0.95	10.3		304	9¼	9⅛	9¼	
12⅞	10⅞	ACM Mangd x	1.08	9.6		232	11¼	11⅛	11¼	+⅛
10⅛	7	Acme Cleve	0.40	4.2	18	144	9¼	9⅜	9⅝	+¼
5⅛	4½	Acme Elect			3	10	5	5	5	
33¼	21¼	Acuson			13	2105	22	21½	22	+⅜
19⅜	18½	Adams Exp x	0.48	2.5	0	166	19⅛	18⅞	19	
15½	13	Adobe12PI	2.40	16.3		27	14¾	14¼	14¾	
6¾	4½	Adobe Res			49	61	5⅛	5	5	
49⅛	42¼	Ad Micro				39	47	45½	46¼	+1¼
21½	17⅞	Ad Micro P	3.00	15.2	12	1036	20	19⅜	19¾	+½
7⅝	5	Advest Grp	0.16	2.1	31	328	u7⅝	7⅜	7½	
71⅞	68⅜	Aegon ADR			6	2100	68⅝	68⅜	68⅜	-⅛
47	38	Aetna Lf	2.76	6.1	7	3055	46⅛	45¼	46¼	-½
11⅛	8⅛	Ahll A x	0.24	2.4	72	1826	10⅜	9⅞	10⅛	+⅛

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

1992 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close	Ch'ge
82¼	66½	Xerox	3.00	3.8	15	9023	78¾	79⅛	79⅛	+⅛
53½	50½	Xerox4.125				3	52½	52½	52	
27½	24⅞	Xrx 1.94 x	1.94	7.2		237	26¾	26¼	26¾	+⅛
34¼	28½	Xtra Corp x	0.80	2.4	14	97	33	32½	33	+½
27	25¼	Yankee Egy	1.60	6.0	13	21	26¾	26½	26⅝	+⅛
1⅞	½	Zapata			28	280	1⅛	1	1⅛	+⅛
11⅛	7¼	ZenithElec				5720	10⅝	10¼	10⅝	-⅛
16⅞	15½	Zenith Nat	1.00	6.6	6	55	15½	d15¼	15¼	-¼
6¾	6	Zenb Inc x	0.84	12.7		82	6⅝	6⅝	6⅝	+⅛
13⅝	11⅛	Zero Corp	0.40	3.0	20	35	13½	13¼	13½	+¼
38	34¼	Zurn Ind	0.88	2.5	15	412	35⅛	34¾	35⅛	+⅝
14⅛	13¼	Zweig Fund	1.16	8.5		362	13⅝	13⅜	13⅝	+⅛
11	10⅜	Zweig Tot r	0.96	9.5		1792	10½	d10	10⅛	-¼

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices February 20

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Ecol En A	0.22	12	8	17¾	17⅝	17⅝	-⅛
Edisto		0	268	[illegible]	⅝	⅝	-1/16
Engy Serv		81	358	1¾	1⅝	1⅝	-⅛
Fab Inds	0.50	14	31	35⅝	35¼	35⅛	
Fina Inc A	3.20	27	2	u75	74¾	75	+½
FstCtyBnc	0.05	11	16	7⅞	d7½	7½	
Fluke (J)	0.48	44	40	28½	28⅜	28½	+⅛
Forest La		32	1438	35⅝	d34¾	35	+⅛
Frequency		7	8	4¾	4¾	4¾	+⅛
Fr oilLoan		22	4874	u35⅛	33	35⅛	+2⅛
FstAust	1.08		133	u9⅞	9 11/16	9⅞	+3/16
Giant FdA	0.66	12	444	24¾	24⅜	24⅝	+⅛
Glatfltr	1.20	17	85	58¼	57⅞	57⅞	
Goldfield		7	516	1/16	d1/16	1/16	
Greenman		35	112	5¾	5¼	5¾	+⅛
GR Corp		1	450	½	7/16	7/16	-1/16
Gulf Cda	0.40	158	202	4¾	d4⅝	4¾	-1/16
Lynch Cp		23	7	18½	18½	18½	
MagmaCorB		7	676	6	5¾	5¾	
Mater'lSc		20	149	21⅝	21⅛	21½	+⅝
Maxxam		7	260	u43½	42½	43¾	+1
Media A x	0.44	8	30	u21⅝	21¼	21½	+¼
Mem Co		88	5	u8⅞	8¾	8⅞	+¼
Mitchl En	0.40	14	821	16½	16¼	16½	+¼
Moog A		6	60	5⅞	d5⅞	5⅞	-⅛
MSR Expl		2	4	3/16	3/16	3/16	
Nabors		15	546	6¼	6	6⅛	-¼
Nat Pint		1	439	4½	d4¼	4⅜	-⅛
New Line		21	393	16⅝	16⅛	16¼	-⅛
NY TimesA	0.56	43	803	28⅝	28¼	28⅝	+¼
NthCanOil	0.184	97	15	8¾	8⅝	8¾	-⅛
Numac O&G		84	z100	4¾	d4¾	4¾	
NV Ryan		0	387	1⅝	1½	1½	-⅛
Odetics A		40	84	7¼	7	7	-¼
Olsten x	0.24	30	38	28¼	28⅛	28⅛	+⅛
OMI Corp	0.14	7	377	7¼	d6¾	6¾	-⅝
Pall Corp	0.36	32	823	30⅜	29⅞	30	+⅜
Pegasus G	0.10	8	915	u14⅛	13⅞	14	+⅛
Perini		48	46	13⅛	13⅛	13⅛	-½
Thermolns		28	149	22⅞	d22⅝	22⅞	+⅛
Total Pet x	0.40	30	48	10	9¾	9¾	+⅛
TownCntry		1	50	2⅝	2½	2½	-⅛
Tubos Mex		1	1193	9	8¾	9	+⅛
UtdFoodsA		4	31	1⅝	1½	1⅝	+⅛
UtdFoodsB		81	38	1⅝	1½	1⅝	
UnivPtnls		25	115	10½	10	10¼	
US Cellul		38	75	23⅞	23⅜	23⅞	+⅜
Vivigen		27	44	13⅜	d12⅞	13	-⅜
WangLab C		2	140	u9⅞	8½	9⅝	+⅞
WangLab B		337	617	u7	5⅛	6⅞	+1⅝
Weatherfd		31	5295	4½	4¼	4⅜	-⅛
Westamer	0.48	9	23	19⅝	19⅜	19⅝	+¼
WIRET	1.20	15	62	14	13⅞	14	
Worthen		9	119	21	20⅝	21	+⅛
Xytronix		20	92	15½	d14⅝	15	+⅛

IRISH TRADE LINKS WITH THE EUROPEAN COMMUNITY

NASDAQ NATIONAL MARKET

3:00 pm prices February 20

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Willmette x	1.68	43	1753	78¾	77¼	78¼	+½
WmsSonoma		38	557	17½	16½	17	
Wiser Oil	0.40	23	529	16¾	14¾	15⅝	+⅞
Wolohan L	0.28	16	101	u21	20	21	+¾
Wolv Expl		0	841	⅜	11/32	11/32	-1/32
WrldAccessA			43	3/16	3/16	3/16	
Worthington	0.44	32	1163	25½	25	25¼	+⅜
WPP Group	1.11	2	1312	2⅞	2⅝	2⅞	
Wyman-Gdn	0.40	12	531	4¾	4⅜	4¾	+⅜

- X - Y - Z -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Xilinx		31	3805	30½	28¼	29¾	+1
Xoma Corp		13	5326	23½	22¾	23¼	+¾
Yellow Fr	0.94	33	1305	u32¼	31⅛	31⅞	+¾
York Rsch		65	2268	6⅞	6⅛	6⅝	+¼
ZionsUtah	1.44	9	64	48¼	47½	47¾	-⅛

EMPLOYEE OWNERSHIP

FINANCIAL TIMES

Friday February 21 1992

AMERICA

Cyclicals feature as Dow makes strong rebound

Wall Street

AFTER weakness earlier in the week, US stock markets rebounded strongly yesterday morning as investors rushed into cyclicals and other stocks which had been hardest hit by recent declines, *writes Patrick Harverson in New York.*

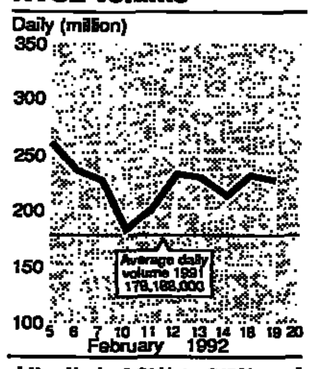
By 1 pm the Dow Jones Industrial Average was up 40.48 at 3,270.80 and very close to its all-time high of 3,276.83, recorded on February 12.

The more broadly based Standard & Poor's 500 was also markedly firmer at midsession, up 4.07 at 412.38, while the Nasdaq composite index of over-the-counter stocks, which had fallen 14 points in the previous two days, rallied to post a gain of 8.65 at 631.06. Turnover on the NYSE was 165m shares by 1 pm.

The buying was not triggered by any particular news, rather by a feeling among some investors that the recent selling – some of it in reaction to President Bush's electoral troubles – had been overdone. Market analysts reported that computer buy programs had played an important part in leading the rally.

Among individual stocks, those which had been hard hit by profit-taking in recent sessions, put in some of the best performances. Merck rose $4 to $148⅛, International Paper jumped $1⅞ to $77¾, McDonald's climbed $1⅛ to $42⅛, and United Technologies advanced $1⅞ to $51⅞.

NYSE volume



Airline stocks were also in demand. UAL climbed $3¼ to $154⅛. AMR (parent group of American Airlines) rose $2⅝ to $78⅛, Delta added $1¾ at $71⅛ and USAir firmed $¼ to $17⅞. Other transport and freight stocks joined in the rally, with Federal Express up $2⅞ to $50⅞ and CSX $1 higher at $59¾.

Procter & Gamble rose $2⅝ to $101¼ after Kidder Peabody, the broking house, singled the stock out as its technical buy of the week.

Selected bank stocks also benefited from sustained buying, with J P Morgan up $1⅛ at $60⅞, Bankers Trust $1⅝ higher at $63⅞, Chemical up $¾ at $32¼ and Citicorp $⅝ firmer at $17⅛.

On the over-the-counter market, the rally was inspired by a surge in demand for computer technology, healthcare and biotechnology stocks. Leading the way were Microsoft, up $3⅞ at $119, Apple, up $1⅛ at $63¾, Medical Care International, $4¼ firmer at $71⅛, Biogen, up $⅜ at $30, and Immunex, $2¼ higher at $35⅞.

Invacare jumped $2⅛ to $25¾ after the home healthcare and medical equipment group reported fourth quarter net income of 34 cents a share, up from 28 cents a share at the same stage a year ago.

Canada

TORONTO stocks drew support from firmer bank stocks at midday, but the rest of the market remained unmoved by the upswing in US blue chips. Banks firmed as bonds rallied on Canadian dollar strength.

The TSE 300 composite index rose 5.8 to 3,549.1. Advances narrowly led declines by 225 to 222 on slow volume of 16.7m shares valued at C$184.6m.

Bank of Montreal rose C$¼ to C$42⅞, Royal Bank firmed C$⅝ to C$25⅞ and Canadian Imperial gained C$⅛ to C$32½.

Moore Corp climbed C$⅝ to C$23 after the company reported stronger than expected 1991 earnings. Oshawa group class A lost C$⅛ to C$18¾ while Rockford Minerals rose 2 cents to 14 cents.

Fiscal reform triggers recovery in Athens

But the market has performed less spectacularly than in 1990, writes Kerin Hope

Greek stockbrokers have been making good use of their time since last summer when the Athens Stock Exchange went into a steady decline, ending 1991 underperforming Europe by some 23 per cent.

Many of the 50 brokerage houses set up research departments with the result that, for the first time, a steady stream of information is available on the 150 listed companies.

"Investors were taking decisions on the basis of little more than hearsay. Now we can offer them real analysis, even technical analysis," says Mr John Markopoulos of Sigma Securities, one of several brokerages which issue a weekly report for investors on economic and financial developments.

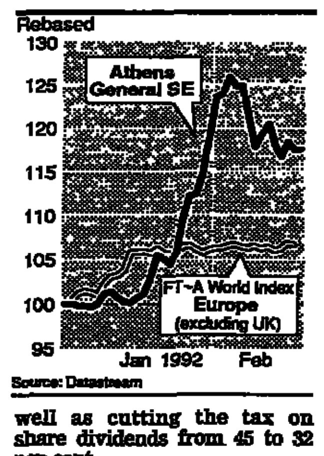
Whether they are studying fundamentals or not, Greek investors have certainly grown more cautious. When the market finally turned upwards last month, the rise was much less spectacular than it had been in previous recoveries.

The Athens General index started the year at 801.9, near to its lowest level in 1991 when it declined by almost 30 per cent, reflecting a fall in confidence as the government's economic stabilisation programme began to be felt.

Prices climbed steadily to reach 1,009.4 early in February, before receding: the general index closed at 942.27 yesterday. Turnover has risen since the start of the year from Dr30m ($5.1m) daily to more than Dr3bn.

In one hectic day's trading, just over Dr5bn changed hands, briefly recalling the heady days of 1990 when the general index rose by some 300 per cent before losing more than half of that gain. However, turnover has now fallen back, touching Dr1.5bn earlier this week.

The recovery was triggered by the government's announcement of a fiscal reform package that would reduce corporation tax from 42 to 35 per cent, as well as cutting the tax on share dividends from 45 to 32 per cent.



Source: Datastream

Greek companies are also being required to revalue fixed assets this year and to capitalise their reserves, but this measure will be tax-exempt. As a result, a number of companies are expected to make scrip issues later this year.

In spite of the gloomy overall picture in 1991, affected by economic weakness and predictions that the recession would continue well into the following year, banks, leasing companies and food processors all performed strongly. These sectors are expected to ride out the recession more easily than most companies, say analysts.

Interest rates on three and six-month treasury bills, the government's preferred instrument for financing the public sector deficit, are forecast to come down this year as inflation gradually slows: it stood at 18.1 per cent in January and is forecast to fall to 13.5 per cent by the end of the year. However, it will take more than expectations of tax cuts and declining interest rates to keep the market buoyant.

Mr Markopoulos says: "Every time there is a dip, the institutional investors start moving in. It is still very much a buyer's market."

Although interest rates still hover around 26 per cent, few companies are coming to the market for funds. Last year, there were 14 new listings and 28 rights issues, together raising a total of Dr157bn. So far this year not a single prospectus has been issued.

Instead of tapping the bourse for fresh capital, Delta Dairies, a leading milk and fruit juice producer, recently decided to raise Dr2.2bn through a five-year corporate bond. The issue was taken up entirely by banks and institutional investors.

Nevertheless, exchange officials are predicting more activity when automated trading is launched, probably by the summer. The open outcry system now in use will be phased out over the summer after screens are introduced on the trading floor and in stockbrokers' offices.

Mr Nikitas Niarchos, the bourse chairman, says: "Computerised trading will boost confidence by improving transparency. At the moment, people complain because they do not know what price they are buying at."

EUROPE

New York reinforces continent's optimism

A STRONG opening on Wall Street underpinned the continent's optimism, *writes Our Markets Staff.*

FT-SE Eurotrack 100 - Feb 20

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1146.69	1146.39	1147.74	1146.47	1146.61	1147.05	1148.86	1149.62

Day's High 1149.91 Day's Low 1145.82

Feb 19	Feb 18	Feb 17	Feb 14	Feb 13
1140.09	1143.83	1135.65	1130.78	1136.68

Base value 1000 (26/10/90).

PARIS continued its upsurge as investors scrambled to get into what they perceived as an accelerating market. The CAC 40 index rose 35.81 or 1.9 per cent to 1,951.22 in heavy turnover of FFr4.8bn. US brokers were reported to be trading actively in futures. Cyclical stocks continued to rise, with Ciments Français, up FFr28 at FFr314 with 37,175 shares traded and Pechiney International adding FFr8 to FFr192.

Even Crédit Foncier de France, generally regarded as a conservative mortgage bank, jumped FFr53 to FFr985 with 42,520 shares traded. Also in the financial sector, Suez rose FFr8.80 to FFr336.20 on 891,325 shares.

The department store, Printemps, fell FFr45 to FFr862 after a government prosecutor indicated that the government did not have a problem with Pinault only bidding for two-thirds of the company.

FRANKFURT was positive in the pre-bourse after a strong New York bond market kept bunds stable. Dealers reported futures-related buying in cyclicals, anticipating the closing of DTB futures and options contracts today.

The DAX index pierced 1,700, at its sixth attempt over four weeks, closing 15.39 higher at 1,703.18. The FAZ index rose 4.57 to 694.05 at midsession. In the post-bourse, the DAX future broke through 1,720 and held it to register 1,724.5, its highest for seven months.

Volume climbed to DM7.4bn from DM5.3bn. Cars recovered from Wednesday's weakness, Daimler rising DM11.40 to DM746 on its indication of higher profits for 1991.

The dollar-oriented mechanical engineering sector showed some useful gains with KHD DM5.80 higher at DM153.50, Kugelfischer up DM6.50 to DM251.50, and Linde DM126 better at DM794.

MILAN closed slightly higher but shares in Cementir and Caltagirone, the construction group which on Wednesday won its bid for a 52 per cent stake in the cement company, both weakened. The Comit index rose 1.81 to 533.06 in turnover estimated at near Wednesday's L83bn.

Cementir resumed trading after its one-day suspension and fell L160 or 5.8 per cent to L2,610 as operators who had bought shares in the hope of a takeover battle sold out. The sale of the state's holding in Cementir has been rushed through before legislation protecting minority shareholders in takeovers takes effect. Caltagirone fell L610 or 13.2 per cent to L3,995 as the market took the view that the company had paid far too much for the stake – the L480bn price tag is about double the current market value.

Montedison continued to gain, adding L16 to L1,372 with some 4m shares exchanged, in options-related buying.

AMSTERDAM was lifted by a strong dollar. The CBS Tendency Index rose 1.7 to 125.4.

Royal Dutch fell Fl 1.60 to Fl 140.50 after announcing a 33 per cent fall in 1991 net profits. Analysts were disappointed at the results, in spite of an increase in its dividend.

Elsevier rose on foreign buying, closing up Fl 3.8 or 3.4 per cent at Fl 113.50. Hagemeyer, the trading group, gained Fl 2.00 to Fl 149.00 after reporting a 26 per cent rise in 1991 net profit. Unilever recorded another all-time high, closing up Fl 3.30 or 1.7 per cent at Fl 195.50.

MADRID found renewed confidence by midsession. The general index closed up 0.81 at 261.04 in turnover estimated at Pta18bn. High volume in Telefónica continued with some 3.2m shares traded, against 3.5m, following news that unions had rejected the company's pension plan. It closed down Pta20 at Pta1,200, having lost Pta55 at one stage. The construction and utility sectors were both strong, with Cubiertas up Pta460 or 4 per cent at Pta11,890.

STOCKHOLM was disappointed with the 36 per cent jump in profits at Astra, the pharmaceuticals group, and with the company's forecast of a 20 to 25 per cent rise in sales and profits for the current year. The B shares fell SKr12 to SKr556. The Affärsvärlden General index closed 3.7 lower at 929.4.

ZURICH's SPI index closed 8.1 higher at a new 1992 high of 1,130.6. Alusuisse bearers topped the actives list, closing SFr18 higher at SFr988. Oerlikon, the arms manufacturer, put on another SFr17 to SFr345, taking its rise on the week to SFr43 ahead of a news conference next Wednesday.

BRUSSELS saw the non-ferrous metals company, Acec-Union Minière, add BFr95 or 4.2 per cent to BFr2,345 in active trade of 27,650 shares. The Bel-20 index rose 9.31 to 1,173.99 in turnover of BFr851m.

ISTANBUL fell to its lowest level this year as the rising dollar prompted investors to shift funds into the foreign exchange market. The 75-share index lost 180.66 or 4.3 per cent to 3,993.56.

OSLO, lifted by stronger prices for North Sea oil, closed up 2.36 to 416.22 in turnover of NKr213.2m. Norsk Hydro, which reported a 1991 net loss of NKr498m, rose NKr1 to NKr140.

SOUTH AFRICA

PRESIDENT F.W. de Klerk's announcement an hour before close of trade that he planned to hold a referendum on his reform programme shook Johannesburg. The overall index, which had been 30 points higher before the news, closed up 3 at 3,541, while the industrial index shed a 35-point gain to close 3 down at 4,325. The all-gold index gained 5 to 1,237.

ASIA PACIFIC

Nikkei rises on hopes of early cut in discount rate

Tokyo

HOPES OF an imminent cut in the discount rate following news that money supply growth had fallen to its lowest level ever prompted small-lot buying by institutions, and the Nikkei average rose for the first time in three trading days, *writes Emiko Terazono in Tokyo.*

The 225-issue average, which fell to a 16-month low on Wednesday, closed 153.62 up at 20,771.92 after a day's high of 20,837.36 and low of 20,621.00. Traders were relieved by the absence of selling, as most market participants previously feared that the index would drop below the critical 20,000 level.

Volume dipped to 190m shares from 200m. Most investors remained on the sidelines, anticipating price fluctuations caused by options execution. Advances led declines by 499 to 394, with 213 issues unchanged. The Topix index of all first section stocks, which fell to a five-year low on Wednesday, rallied 2.79 to 1,523.41. In London, the ISE/Nikkei 50 index improved 2.08 to 1,165.61.

Expectations of a cut in the discount rate emerged after money supply growth for January was announced at 1.8 per cent, a record low. News that more companies were reducing their earnings forecasts also highlighted the continued weakness of the economy.

Mr Peter Johnson at Baring Securities said: "The market needs an overt declaration from financial authorities that economic conditions are worse than they expected." He added that concrete measures such as lower interest rates and a fiscal spending programme would provide support for the market.

Futures and bond prices were buoyed by the Bank of Japan's intervention in the foreign exchange market to support the yen against the dollar. Although the US unit closed higher against the yen, market participants were encouraged by the central bank's action.

Toshiba weakened Y27 to Y596 after the company said it expected a 60 per cent plunge in pre-tax profits for the current year to March. The announcement dragged NEC down Y20 to Y1,030 and Hitachi Y3 easier to Y845.

Banking stocks continued to lose ground on corporate selling. Industrial Bank of Japan declined Y90 to Y2,410 and Fuji Bank Y30 to Y1,960.

Speculative issues advanced on short-term buying. Japan Storage Battery rose Y40 to Y1,030 and Tamura Electric Works added Y210 at Y1,880. Japan Securities Finance, a private company with close ties to the Tokyo Stock Exchange and the only company which can lend stock for margin trading, said yesterday that it had put Clarion on its watch list due to the large outstanding balance on margin trading. It will also limit stock lending on Tamura Electric Works due to concern about speculative trading.

In Osaka, the OSE average gained 105.87 to 22,460.97 in volume of 155.8m shares. Dai-Dan, the air conditioning systems manufacturer, put on Y100 to Y3,400 on projections of a double-digit rise in pre-tax profits for the current year.

Roundup

THE REGION provided some winners yesterday, although Kuala Lumpur found it hard to improve on its recent gains.

NEW ZEALAND finished broadly higher after private clients bought smaller companies, especially export-related issues likely to benefit from the relatively weak New Zealand dollar and the expected recovery in commodity prices.

The NZSE-40 index moved ahead 17.23 or 1.1 per cent to 1,490.88. Turnover was steady at NZ$27.3m.

TAIWAN rallied in brisk trading on a government move to delay a decision on the dissolution of the largest local opposition party.

The weighted index appreciated 155.90 or 3.2 per cent to 4,995.32 as turnover expanded to T$40.85bn from T$24.78bn.

MANILA steadied after Wednesday's drop, the composite index ending only 1.65 easier at 1,139.36. Turnover rose to 48m pesos from 41m.

The public offering of International Container Terminal Services (ICTSI) has caused funds to be withdrawn from the market. ICTSI is offering 71.64m shares worth 480m pesos at 6.70 pesos per share. The offering started on February 17 and will end on February 28.

HONG KONG eased back in thin trading. The Hang Seng index dipped 9.70 to 4,716.00 in turnover of HK$1.87bn, against Wednesday's HK$1.90bn.

Profit-taking hit utilities hardest, with China Light losing 20 cents to HK$26.80 and Hong Kong Electric giving up 50 cents to HK$15.70.

SEOUL was depressed by reports of a tax probe into all subsidiaries of the Hyundai Group. The composite index fell 15.47 to 632.66 as turnover dropped to Won221.2bn from Won259.3bn.

KUALA LUMPUR was restrained by profit-taking in the wake of the strong recent rally. The composite index was up just 0.34 at 619.06 in turnover of M$261m, after M$285m.

BOMBAY rose to a record high on hopes of freer rupee conversion. The BSE index jumped 66.99 to 2,449.06.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 19 1992								TUESDAY FEBRUARY 18 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	145.94	+0.2	123.53	118.40	124.97	128.27	−0.3	4.31	145.62	123.30	117.82	124.77	128.62	160.31	112.74	130.06
Austria (20)	181.18	−0.5	153.37	147.00	155.14	154.79	−0.7	1.86	182.10	154.19	147.34	156.02	155.88	222.37	153.86	219.31
Belgium (46)	137.99	+0.4	116.80	111.94	118.15	115.02	+0.1	5.12	137.48	116.40	111.23	117.79	114.93	151.20	118.04	150.71
Canada (115)	133.40	−0.8	112.91	108.22	114.21	114.75	−0.9	3.21	134.46	113.85	108.79	115.20	115.82	144.28	126.49	138.86
Denmark (38)	248.29	+0.0	210.17	201.44	212.60	215.45	+0.0	1.66	248.33	210.26	200.93	212.77	215.48	273.94	217.74	268.56
Finland (15)	86.61	+0.6	73.32	70.27	74.17	81.73	+0.7	2.43	86.07	72.88	69.64	73.75	81.18	125.15	73.32	113.04
France (108)	150.22	+0.3	127.15	121.87	128.62	132.01	+0.2	3.37	149.79	126.83	121.19	128.33	131.70	154.70	119.11	145.97
Germany (65)	116.52	−0.3	98.63	94.55	99.77	99.77	−0.3	2.32	116.82	98.91	94.53	100.08	100.08	125.35	94.15	123.40
Hong Kong (55)	196.08	−0.6	165.97	159.08	167.90	195.35	−0.6	3.88	197.17	166.94	159.53	168.94	196.51	196.44	119.62	142.20
Ireland (18)	163.40	+0.2	138.32	132.57	139.92	141.86	+0.2	3.60	163.10	138.10	131.96	139.74	141.64	182.46	132.88	163.82
Italy (77)	74.25	+1.1	62.85	60.24	63.57	68.43	+0.9	3.38	73.42	62.17	59.40	62.90	67.83	88.23	64.76	85.72
Japan (473)	116.27	−1.6	98.42	94.33	99.57	94.33	−1.4	0.90	118.22	100.10	95.65	101.30	95.65	146.97	116.27	144.78
Malaysia (68)	249.36	+1.6	211.08	202.30	213.51	249.07	+1.6	2.67	245.33	207.73	198.49	210.19	245.15	249.36	189.18	232.54
Mexico (18)	1670.61	−0.2	1414.12	1355.40	1430.49	5590.17	−0.3	0.99	1674.31	1417.65	1354.70	1434.53	5606.22	1674.31	534.45	602.47
Netherland (31)	149.05	−0.5	126.17	120.93	127.63	126.06	−0.5	4.29	149.75	126.79	121.16	128.31	126.65	156.48	125.70	142.42
New Zealand (14)	45.24	−0.1	38.29	36.70	38.74	44.34	−0.3	6.20	45.30	38.36	36.65	38.81	44.48	54.64	41.18	46.71
Norway (24)	164.33	−2.3	139.10	133.33	140.72	143.81	−2.3	1.84	168.13	142.35	136.03	144.05	147.25	223.24	157.08	206.94
Singapore (38)	220.05	+0.9	186.27	178.53	188.42	166.68	+0.9	2.09	218.19	184.74	176.54	186.94	165.15	228.43	151.63	192.63
South Africa (61)	232.37	+2.1	196.69	188.52	198.97	178.23	−0.6	2.80	227.56	192.67	184.11	194.96	179.25	271.99	173.00	198.07
Spain (52)	155.60	−0.5	131.71	126.24	133.23	121.53	−0.5	4.55	156.42	132.45	126.57	134.02	122.18	171.12	131.51	163.99
Sweden (25)	173.28	−0.7	146.68	140.59	148.38	153.21	−0.7	2.91	174.43	147.69	141.14	149.46	154.36	204.12	146.60	186.08
Switzerland (59)	97.71	−0.4	82.71	79.28	83.68	90.20	−0.4	2.22	98.14	83.10	79.41	84.10	90.60	104.22	82.17	97.74
United Kingdom (233)	177.28	−0.7	150.06	143.82	151.79	150.06	−0.7	4.95	178.44	151.09	144.37	152.87	151.09	187.44	156.27	179.56
USA (523)	166.56	+0.2	140.99	135.14	142.63	166.56	+0.2	2.93	166.31	140.81	134.57	142.50	166.31	171.66	125.95	147.89
Europe (809)	143.74	−0.3	121.67	116.62	123.08	123.07	−0.4	3.92	144.17	122.07	116.65	123.53	123.50	151.52	125.50	147.58
Nordic (100)	173.34	−0.5	146.73	140.64	148.43	146.51	−0.5	2.20	174.22	147.51	140.96	149.27	147.30	200.81	155.55	190.73
Pacific Basin (717)	119.95	−1.4	101.53	97.32	102.71	98.38	−1.2	1.25	121.70	103.04	98.47	104.27	99.59	145.92	117.86	143.79
Euro−Pacific (1526)	129.73	−0.9	109.81	105.24	111.08	108.87	−0.8	2.43	130.96	110.88	105.95	112.20	109.80	147.66	121.29	145.70
North America (638)	164.46	+0.1	139.21	133.44	140.84	163.04	+0.1	2.94	164.28	139.10	132.94	140.78	162.87	169.69	125.91	147.25
Europe Ex. UK (576)	123.35	+0.0	104.41	100.10	105.64	107.34	−0.1	3.17	123.41	104.49	99.87	105.76	107.47	129.80	103.58	127.86
Pacific Ex. Japan (244)	156.32	+0.2	132.32	126.84	133.86	139.74	+0.0	3.83	156.06	132.14	126.29	133.73	139.80	156.32	111.40	131.32
World Ex. US (1720)	131.97	−0.9	111.71	107.08	113.01	111.13	−0.8	2.45	133.12	112.72	107.72	114.06	112.06	148.16	122.32	146.23
World Ex. UK (2010)	139.35	−0.4	117.96	113.07	119.34	125.99	−0.4	2.37	139.97	118.52	113.26	119.94	126.53	150.58	120.06	142.35
World Ex. So. Af. (2182)	142.07	−0.5	120.26	115.28	121.66	127.81	−0.4	2.64	142.79	120.90	115.54	122.35	128.38	153.05	122.92	145.34
World Ex. Japan (1770)	157.91	+0.0	133.67	128.13	135.24	147.69	−0.1	3.31	157.91	133.70	127.78	135.32	147.81	161.90	126.69	147.54
The World Index (2243)	142.65	−0.5	120.75	115.74	122.16	128.27	−0.4	2.64	143.32	121.35	115.96	122.80	128.84	153.70	123.28	145.65

Latest prices were unavailable for this edition.

RECRUITMENT

Adrian Furnham looks at the international growth in numbers of the human resource consultant

When to call for help from an HRC

The international growth in the number of Human *Resource Consultants* (HRC) over the past decade has been meteoric, if not explosive. They go under a fairly large number of titles such as "business psychologist", "staff development professional" or "organisational behaviour consultant".

There are many reasons why this American-originated occupation has grown so fast in Britain and Europe. HRCs come in many forms: the entrepreneurial don (usually from a business school); the one-man band (often a personnel officer given a golden handshake - or the sack); a small group of like-minded people running a specialised consultancy; or the large, usually international group, offering a wide range of consultancy services.

But what do HRCs do? Why spend up to £2,000 a day having some outsider tell your organisation how to run it?

HRCs offer a number of skills, many of which are surprisingly absent from most big organisations' personnel departments. This is mainly because the nature and function of "personnel" has changed and training is frequently woefully inadequate. There are, I believe, four different and specific skills offered by HRCs.

Diagnostics: HRCs can offer a "second opinion". They can bring objectivity but also the potential experience of having seen the problem before. Such HRCs may make their diagnostics in line with "skill-solution". In other words, having a number of expensive solutions available, they will force the diagnostics of the problem to fit their products. But one advantage of using experienced and insightful HRCs is that they can show the organisation to be fundamentally flawed in either its own diagnosis of the malady or the proposed solutions. Organisations like to believe that easy solutions are possible; they are also frequently unable to distinguish between explicit and implicit messages from clients, customers or their own staff.

For instance, managers' complaints about the number of staff they have in their department to complete work-loads could have as much to do with problems in organisational structure, or a particular manager's ambitions, as they do about staffing.

HRCs will tell you that diagnosis is more difficult and important than cure and that therefore getting it right easily merits the "modest" fee.

Measurement: Many personnel managers are not highly trained in measuring human performance, abilities, needs or personal preferences. After gullible, but enthusiastic and peer-pressured purchases of flashy, but not valid tests, personnel managers often set about measuring line-managers personality or the board's team-role preference. When the only tool you have is a hammer, you tend to treat everything as it if were a nail. Hence organisations measure what they can, more frequently than they need to. And this is where the well-trained HRC can bring to bear a formidable array of well tested measures. Over 100,000 tests are in print and a good HRC will know where to look for the most appropriate measure.

There is a tendency to use inappropriate tests just because the organisation has bought them. Rather than spend all one's effort measuring the personalities of directors, the HRC may wisely recommend the measurement of organisational culture (the values and norms of the organisation), the climate (the perception of employees), the communication networks, the clients, the customers or the competitor's perceptions. Measuring instruments (questionnaires, tests) need to be sensitive, reliable, valid, multi-dimensional, sensitive to faking, "normed" for the appropriate population. HRCs must, of course, not only choose and administer good tests but know how to analyse them appropriately and interpret the data.

As HRCs know, many personnel officers shy away from objective "hard" data, preferring softer interviews, reports or selected quotes from "key players". This may be one reason why they are often despised by their hard-faced colleagues in accounts, strategic planning and even marketing.

Instruction: There is, and there will probably always be, a place for "chalk-and-talk" training. Education, now more likely to be run with impressive videos, self-instruction and completion booklets, plus elaborate feedback reports, remains a central task of some HRCs. Training adults is a challenging task for the HRC. There are those in organisations who are themselves very bright and highly educated who may be extremely critical of any "outside consultant". Equally, those with chips on their shoulders because they never went to university, or did and did rather badly, may make poor students flipping between the sycophantic and the cynical. But there are others who are deeply appreciative and very good students.

The good HRC soon realises that training adults is rather different from educating students. Training managers must be practical and concrete with lots of memorable examples, helpful models etc. Whereas academics are trained to be critical and sceptical, HRC instructors soon realise they are more appreciated if they are enthusiastic about the cause. HRCs are frequently extroverts with a self-confidence that extends somewhat beyond the bounds of their ability. As a result they rarely fear the role of teaching, training or instructing, though they may not be that good at it. Good teaching is a rare combination of intellectual ability and knowing how to put it across.

Certainly, instructing or teaching is a crucial function for many HRCs. For many, alas, the term "training" has a poor reputation and trainers are considered, rather lowly (paid) sorts of consultancies especially when teachers are trained to deliver "packaged" courses.

Process: Some HRCs specialise in process or interpretation as opposed to product. When, for instance, a management team is underperforming or suffering low morale, the process-oriented HRC might be called in not only for diagnosis but also cure. Process skills are closely akin to group psychotherapy and indeed it may be how the consultant was trained.

Just as most accidents are the result of human error, so quite commonly poor business operations are the result of human frailty. Whether one prefers to use meaningless phrases like "personality clash" or not, many people recognise that the quality of human relationships in offices, teams and departments contributes to business success or failure. It is the intangible psychological factors of morale, conflict and lack of commitment that the process consultant hopes to make manifest and explicit. Good HRCs, and those with psycho-analytic training, are frequently able to reveal unexpected or even paradoxical findings, such as depression amongst employees being a consequence of their anger.

To some, "process consultants" represent the wackiest California-type psychological air-heads who ask both intrusive and daft questions primarily to embarrass one. *Furthermore, they may not even* come to a conclusion, write a report or deliver any tangible outcome. Insight alone is often the orally explicit goal of the process consultant.

It is nearly always the case that process work has to be done by the outside consultant. Politically, the personnel department may wisely judge it necessary to lure in consultants, albeit at some critical (and financial) cost.

Beware the HRC who claims to be equally competent at all the above functions. But many business people do recognise that changing a business requires dynamite and it is often the consultant who lights the fuse. Victor Kiam once accused consultants of being like castrated bulls because all they can do is advise, not act. The question, of course, remains of where to get good advice

Knowing and understanding what HRC consultants offer and do well is crucial for any company. No "Which?" guide exists for the naive shopper, only compendia or lists of companies that specialise in HRC. Fitting the consultant to the problem is clearly as relevant as the employee to the job.

Adrian Furnham is a Reader in Psychology at University College London and head of its Business Psychology Unit.

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The firm seeks to build upon its success to date and recruit mature salespeople, with experience in these products, to work in any of these offices. Appointed individuals will have a strong, personal client base and the motivation to further their careers in a thriving, independent company.

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For a confidential discussion, please contact Stuart Clifford or Christopher Lawless on 071-379 1100 (071-834 1832 evenings/weekends) or write to The Bloomsbury Group, 4th Floor, Alton House, 177 High Holborn, London WC1V 7AA. Fax: 071-240 7460.

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Major US Investment House

Credit Administrator

c. £37,000 — London

THE ORGANISATION

Our client is the private banking arm of a US Investment House with a strong credit rating. The division services high net worth clients across the world. Reporting to the Senior Credit Officer, a Credit Administrator is now required to implement the bank's centralised, global credit and risk management policies and procedures.

THE POSITION

Key areas of responsibility will include

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- Evaluation and approval of collateral and feasibility of credits
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- Support to the Senior Credit Officer in reviewing and approving credit and procedural issues for London and worldwide offices.

THE REQUIREMENTS

- A graduate, with 3 to 7 years background in credit and risk analysis, ideally with experience of secured lending and asset evaluation issues
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- Knowledge of financial markets and products.

The candidate will be highly motivated, a team player with excellent interpersonal skills and possess the ability to achieve goals within a high pressure environment. The successful applicant will be competitively remunerated and receive an attractive benefits package.

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Major International Bank

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25/32 — **Salary Neg**

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Our Client is the Investment Management Division of a London based International Bank which, for a number of reasons, is enjoying a period of considerable growth. There is a commitment to sustaining this progress and the house already enjoys a reputation for successful fund performance. Considerably over $1bn is currently under management and rapid, substantial development is anticipated.

Our Client has a reputation for innovation and for product development and so we seek a person who wishes to develop further his/her skills and techniques at the leading-edge of Investment Management.

As client work will be involved, the successful candidate will also need to possess both excellent communication and technical skills with a high degree of computer literacy.

In addition to the salary there will be bonus potential together with all normal banking benefits.

Please write in the first instance quoting Ref: 1079 to Keith Fisher, Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 071-248 0355. Fax: 071-489 1102.

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In all cases salaries are negotiable and are competitive with Market rates.

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You should have a degree and at least one-two years' experience in the securities market. Knowledge of the UK market would be advantageous but is not essential.

This position offers a competitive salary and plenty of opportunity to use your initiative and consolidate your experience in a world-class company.

Please apply in writing to Vivien Gill, Head Office Personnel, ICI PLC, 9 Millbank, London SW1 3JF.

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C.J. Lawrence (UK) Ltd, is seeking established sales representatives for its London office. Candidates should be experienced with research oriented US Equity product and have an existing client base.

Enquires should be made with C.V. and covering letter to :
Mark Hill - Reid (Managing Director,)
CJ Lawrence (UK) Ltd,
20 Finsbury Circus, London EC2M 7AS

ACCOUNTANCY COLUMN

Unaudited figures leave annual reports in the shade

By Andrew Jack

PRIVATE INVESTORS rarely do it; financial journalists don't often do it; even analysts supposedly poring over the figures do not always seem to do it. Lots of people fail to scrutinise companies' annual reports.

Most focus instead on interim and preliminary announcements, reacting rapidly to the information they provide. This makes auditors feel rather insecure about their role, and some are now calling for the figures to be audited.

Interim announcements generally contain simple profit and loss information on a company's half-year results. Preliminaries contain similar information for the full year. Both are issued as soon as possible after the figures are prepared because they are price-sensitive. Neither is audited.

The consequence is that half-year externally verified figures appear in the annual report and accounts only months after the interims, while those for the full-year may be published several weeks after the "prelims" come out.

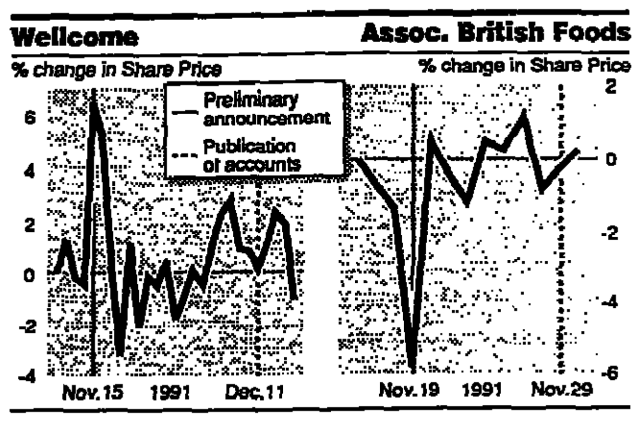
The announcements are released to the Stock Exchange regulatory news service, and accompanied on the same day by a flurry of press releases and company briefings for analysts and journalists. These, in turn, rapidly generate newspaper articles and reports from securities houses.

The annual report, by contrast, is a neglected animal. Research into its significance is equally neglected. Little has been added to the academic literature since a study more than 10 years ago by Mr David Tweedie, now chairman of the Accounting Standards Board, while he was professor of accounting at Lancaster University and technical director of the Institute of Chartered Accountants of Scotland.

From questionnaires sent to the private shareholders of Scottish and Newcastle Breweries, he showed that the chairman's report was the most frequently read part of the entire document. Just over half said they read it thoroughly. At the other extreme, 37 per cent said they did not even look at the notes to the financial statements.

In a separate survey, he found that even among institutional investors and stockbrokers, 20 per cent did not read the notes to company accounts thoroughly, while about 10 per cent did not scrutinise the balance sheet and 9 per cent did not study the profit and loss statement closely.

The importance of the unaudited figures over the delayed but more comprehensive and audited ones is clearly indicated by share price movements. As the graphs for Wellcome and ABF illustrate above, a company's shares often move sharply after its prelims are announced, as well as after interims. The release of its



annual accounts rarely inspires more than a blip, however.

The issue is generating angst among accountants. A technical release just produced by the financial reporting and auditing group of the Institute of Chartered Accountants in England and Wales addresses the weaknesses with existing arrangements for prelims*. The nature of interim statements is currently under the scrutiny of both the Auditing Practices Board and the Cadbury Committee on corporate governance.

Nor is the concern entirely new. Mr Edmund Dell, secretary of state for trade in 1976-78, chaired a committee supported by Coopers & Lybrand on "the audit judgment" in 1987, which was submitted to the Department of Trade and Industry. It recommended that auditors should carry out a review of interims before they are published, and consent to the figure in the prelims before they are released. Both should be accompanied by an audit statement, it said.

"It is depressing that so much effort goes into something that attracts little attention," says Mr Graham Ward, a partner with Price Waterhouse and vice-chairman of the auditing committee at the institute which introduced the topic for discussion late last year. "There is something slightly anomalous when the primary document governing the communication of results doesn't have particularly stringent rules governing it."

The rules governing the contents of interims are sparse. There is no legislation, and the only guidelines that exist are the listing requirements issued by the Stock Exchange, which stipulate basic profit and loss account information. Those for prelims are even less comprehensive, although they state that the accounts should have been agreed with the auditors as the basis for completing the annual report.

"It would be a foolish board of directors which publishes information knowing the auditor disagrees," says Mr Ward. But he stresses that the degree of co-operation shown varies considerably. "The reality is that auditors have neither the power to prevent the publication of a preliminary announcement, nor the right to comment if they disagree with [its] form or content," his paper concludes.

He argues that prelims which are released unaudited leave open the potential for inaccuracies. There may still be formal confirmations outstanding on certain figures, including balances and receipts, and reports from overseas subsidiaries. There may also be post-balance sheet events to be taken into account. "While most material issues should be confirmed by then, there are still judgments to be made on the numbers," he says.

Mr Ward suggests that with a little more planning – and the encouragement of stricter Stock Exchange requirements – the auditors and the directors could easily co-operate to produce audited prelims, while delaying their release only slightly, and with little extra cost.

What his paper omits is the extension of the argument to interims, where many of the same issues arise. It also fails to consider what additional information both statements could usefully provide – although Mr Ward says he personally would like to see greater balance sheet information and a distinction drawn between continuing, acquired and discontinued operations.

Examples of actual differences between the figures quoted in the prelims or interims and those published in the annual report, are also hard to find. The Stock Exchange says that it conducted some research a few years ago but it was unable to unearth any cases where variations arose.

Nevertheless, the issue certainly deserves a wider debate. Since most users of accounts seem to pay so little attention to annual reports, they ought at least to give serious thought to the nature of the figures on which they do so much rely.

**Preliminary announcements. FRAG technical release 3/92. ICAEW, Gloucester House, 399 Silbury Blvd, Milton Keynes MK9 2HL. Free.*

ACCOUNTANCY APPOINTMENTS

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This major UK plc has a large proportion of its interests in the Far East/South East Asia, America, and continental Europe, and is pursuing an active expansion policy which includes selective acquisitions.

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Within Treasury there is a high-level vacancy for a graduate Chartered Accountant with a fast-track record in one of the Big 6 and a knowledge of corporate restructuring, taxation and international treasury gained either in the profession, a consultancy or a major group. Analytical and presentational skills and clarity of mind are essential personal requirements. Age guideline – early 30s. Location – Berkshire.

Please reply in confidence quoting Ref. L508 to:

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The candidate we seek will be a highly qualified, internationally experienced finance manager, aged 35-45, who can demonstrate a strong track record of achievement, gained in a software or related environment.

Suitable candidates should forward a comprehensive curriculum vitae quoting ref: **RO/8824 to Roderick van der Valk, Michael Page International, 'Byzantium', Stadhouderskade 14b, 1054 ES Amsterdam, The Netherlands.**

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Technically excellent, probably aged 35-45, commercially aware and able to communicate effectively through a Group structure, candidates must be qualified accountants with previous experience of commercial and residential development.

If this position is of interest, please forward a detailed curriculum vitae, quoting ref: 201 to **Diane Forrester ACA, Executive Selection Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.**

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* Enhancement of computer based information systems.
* Management and motivation of staff.

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Interested applicants should send a full curriculum vitae to **Teresa Stimpson or Diane Forrester ACA at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.**

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Candidates, aged up to 40, should be graduate Chartered Accountants with a 'Big 6' background, who can demonstrate above average intellect, an exceptional technical skill base and well developed communication skills. Suitable applicants are likely to be working at the centre of a complex group of companies or at senior level in a public practice or corporate finance environment.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 2649, to **Alan Dickinson FCMA, Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.** Telephone 071 831 2000.

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Head of Finance

c £32,000

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For further information and application details please telephone 0296 382213 (24 hour answerphone) or write to Bob Edwards, County Personnel Officer, Buckinghamshire County Council, County Hall, Aylesbury, Bucks HP20 1UA.

Closing Date: 6th March, 1992.

APPOINTMENTS WANTED

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Financial Times,
One Southwark Bridge,
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In the first instance please write to *Theresa Bolton or Giles Daubeney* for further information or send your résumé to them at the following address: **Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP.**

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- To integrate and harmonise control procedures within newly formed or acquired businesses, ensuring international operating standards which support growth *but retain integrity.*
- To provide timely audits of complex IT systems, major *project expenditure,* and *substantial revenue accounts,* through the assessment of risk and direction of audit teams.

THE QUALIFICATIONS

- A numerate, computer literate graduate, probably late 20's/early 30's, internationally mobile. Professionally trained, preferably with business qualification.
- Either an Audit Manager with a major firm, or already proven within a blue-chip PLC environment. Must be experienced in auditing complex computer based systems.
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Please reply, enclosing full details to: Selector Europe, Ref F156022M, Bridge House, Ashley Road, Hale, Altringham, Cheshire WA14 2UT 061-941 3818

ACCOUNTANT

PESTICIDES SAFETY DIRECTORATE

A new Executive Agency – the Pesticides Safety Directorate – will be set up under the Next Steps initiative on 1st April 1993. The Directorate will have primary responsibility for implementing the comprehensive legislation governing the safety and use of agricultural and horticultural pesticides in the UK. Its work will be focused on minimising *the risk* to human health and the environment from the sale, supply and use of pesticides, and on promoting efficient and humane methods of pest control.

The Directorate will have a total staff of nearly 200, most of whom are scientifically qualified, *and a budget of some £33 million.*

We now need a qualified accountant to work as part of the senior management team, make a positive contribution to the development and operation of the Directorate, and assist the Chief Executive in achieving financial and resource management targets.

You will be *responsible* for finance and accounting within the Directorate, heading a small team of initially four staff. You will play a key role in ensuring that the Agency is launched with a [illegible]

SALARY TO £30,823 PLUS BENEFITS LONDON, RELOCATING TO YORK

You must be a member of CACA, ICA, CIMA or CIPFA and have experience – gained in either the public or private sector – of planning, budgeting and financial reporting. Sound communication and interpersonal skills are also essential. Experience in IT-based accounting systems would be a distinct advantage.

You will be based initially in Central London, but will be expected to move with the Agency when it relocates to York in 1994-95. Generous relocation assistance will be available when the move takes place.

Your salary will depend upon *your qualifications and experience* and will probably be in the range £27,799 to £30,823. More might be available for an outstanding candidate. Other benefits include a non-contributory pension scheme and performance-related pay.

For further information and an application form (to be returned by 10th March 1992) write to Recruitment & Assessment Services, Alencon Link, Basingstoke, Hampshire RG21 1JB or telephone Basingstoke (0256) 468551. Fax (0256) 846565.

Please quote reference C/92/1534.

Interviews will be held in London on 3rd April 1992.

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MAFF

FINANCIAL TIMES & ROBERT HALF INVITE YOU TO A FREE BUSINESS BREAKFAST

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

PERSONALITY QUESTIONNAIRES

The Facts and the Fiction

Tuesday 10th March 1992
The London Marriott Hotel, Grosvenor Square, W1
8.15am - 9.30am

The talk will be given by Professor *Clive Fletcher of the University of* London, Goldsmith's College, and will cover:-

- Description and rationale of the main personality questionnaires available
- Why and how personality questionnaires are used by organisations
- The recent 'debate' about the value of such personality measures
- Evaluating the claims of rival personality questionnaires
- The advantages and limitations of personality questionnaires
- Likely future developments in this field, both in the UK and the rest of Europe

Professor Clive Fletcher was for several years a consultant psychologist in the Civil Service *before moving to Goldsmith's* College, University of London, where *he is currently Professor of* Psychology. Professor Fletcher has been involved in research and teaching in the field of managerial assessment and appraisal for twenty years. Among many publications on the subject, he is co-author of books entitled 'Performance Appraisal and Career Development' and 'Psychological Testing' - the latter being the IPM's standard book on the subject. He is a Chartered Occupational Psychologist and acts as a consultant on psychological assessment to many private and public sector organisations.

If you wish to attend this free breakfast, please write to Rachelle Nelson at Robert Half, Freepost, Walter House, 418 The Strand, London WC2R 0BR. (Telephone: 071-836 3545)

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THE HUMAN FACTOR

Places at the breakfast are strictly limited.

FINANCE MANAGER

R & D Business Centre

Swindon — c£31,000 Package including Car + Benefits

Royal Mail, part of the Post Office and a highly respected world leader in postal technology, has gathered together all its research and development staff onto one site. The Royal Mail Research and Development Centre is a reflection of its commitment to new technology.

As a member of the R&D Board and reporting direct to the R&D General Manager, the Finance Manager will have total responsibility for the management of all aspects of financial control with particular emphasis on forecasting and monitoring through a new financial control system.

The R&D Centre is becoming a self-financing business unit from April 1992 and this will entail *the Finance Manager's close liaison with engineers and departmental managers to ensure the* smooth and profitable running of the operation. Achievement of objectives is paramount.

The Centre's emphasis is on open management in a friendly, informal and stimulating environment.

The successful candidate will be a qualified Accountant (probably ACMA) with at least 3-5 years' post qualification experience and a technical or engineering company background. You will have an in-depth knowledge of costing and management accounting techniques and be *able to demonstrate high levels of achievement through objective, based management and* staff motivation.

To be considered for this interesting and challenging role, please apply directly to Melanie Rosling at Robert Half, Freepost, 33 Wine Street, Bristol BS1 2QX. Telephone: 0272 252572. Alternatively, fax your details on 0272 253203

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South Wales

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Manufacturing and marketing capital equipment *for the graphic and printing industries, our client* is the UK subsidiary of a substantial and internationally respected European group. With turnover of £6 million, this profitable subsidiary is now poised for further development.

As a key member of the board, the Financial Director will be expected to contribute fully to the management and development of the company. Responsible for the full finance and administration function, including personnel, he or she will manage a small team and provide commercial guidance throughout the company. Significant contact with the group will provide an international perspective.

In their 30s, candidates, who should be qualified accountants, must have commercial and entrepreneurial flair supported by sound technical skills, ideally gained in a customer-led environment.

Please write, enclosing a full career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/17/F.

Audit for Profit

City — £25,000 + car

Successful service group, in growth mode, strengthening its finance function, seeks new *'internal auditor'* for creative, constructive objectives, including investigation, current asset control, profit improvement and true management audit. A visible role *close to the board* with measurable results.

Candidates should ideally be graduate chartered or certified accountants with a sound practice base and some post qualifying experience; *assertive, bright and* communicative. Age, say 24-28. Prospects exist throughout the group and this job is a stepping stone.

For brief job details, write to **John Courtis FCA** at **JC&P Selection, 104 Marylebone Lane,** *London* **W1M 5FU indicating how you meet these criteria and enclosing C.V. quoting** ref: *7266/FT.*

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BARNETT & FOSTER INTERNATIONAL is a fast-growing flavour manufacturing company supplying the food and soft drinks industries. A division of a public company, it sells world wide and along with operations in USA, has sales of some $40 million.

Reporting to the Managing Director you will be a key member of a well-motivated, proactive management team pursuing well-developed plans of continued growth. You will be responsible for the financial function which includes the maintenance and improvement of computerised information systems.

You will be fully qualified, probably in your 30s and able to demonstrate your experience and success in financial management with special reference to costing, systems and management accounting.

Please apply with full details to:

Roy Williams - Personnel Manager
Barnett and Foster International
Denington Road,
Wellingborough
Northants. NN8 2QJ

BARNETT & FOSTER INTERNATIONAL

IDV

FINANCE MANAGER - NEW HUNGARIAN OFFICE

IDV, part of the prestigious and successful Grand Metropolitan Group, is the world's largest drinks business. It's International Marketing Division has recently established an operation in Budapest to import its wide range of well-established brands into Hungary.

The Finance Manager will be the first Finance appointment in the small team. The role will involve full responsibility for all [illegible] detail and reporting as well as wider commercial involvement.

Job challenges include:

- Assisting and influencing management in the identification of [illegible] profitability within the objectives of IDV [illegible].
- Meeting tight reporting [illegible], whether IDV in London or Hungarian [illegible].
- Dealing with varying levels of [illegible] within IDV International Marketing Group.
- Assisting in the enhancement of management information.
- Deputising for the Managing Director

To perform this role and be fully involved in business development, possibly in other Eastern bloc countries, you will be a Qualified Accountant with:

- Knowledge of UK Accounting and/or Hungarian Accounting standards (in the event of UK only, other European experience should be strong).
- An ability to work at a detail and overview level.
- Excellent interpersonal and communication skills, supported by a good appreciation of international culture.

APPLICATIONS ARE INVITED FROM ALL NATIONALITIES WHEREVER RESIDENT, [illegible] CAN BE HELD IN LONDON OR BUDAPEST. Candidates must be fluent in English [illegible] other European language preferably, [illegible] Hungarian.

This exciting challenge presents an opportunity to be involved in an operation in its early stage of development, as well as to progress in the medium to longer term within IDV/Grand Metropolitan.

Please ring Karen Wilson, Director, on 071-405 4161 or write to her at FMS, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY enclosing a recent CV and a note of current salary.

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One of the world's leading Technology and Management Consulting firms, Arthur D. Little, seeks a broad based internationally orientated accountant to work in London, reporting to the Director of International Financial Control who is based in London.

Applicants should be a professionally-qualified accountant, with at least five years' practical experience in an accounting environment, some of which should preferably have been with a US multi-national company.

The appointment is heavily biased towards international accountancy but proven administrative skills are also required. The work schedule will require frequent travel on the continent with limited visits elsewhere in the world, to monitor and advise on fiscal and management accounting and administrative procedures, to ensure implementation and observance of corporate policies, and to ensure compliance with local fiscal legislation in international offices.

Applicants should be computer literate, late twenties/early thirties in age, fluent in English, with a good working knowledge of at least one other EEC language, and with an interest in international travel.

Remuneration will be negotiable and will attract candidates who wish to develop further their knowledge of international finance.

Please apply with a complete CV to E. H. R. Lyte, Arthur D. Little Ltd., Berkeley Square House, Berkeley Square, London W1X 6EY.

Arthur D Little

FINANCE DIRECTOR

West Yorkshire **c £45,000, car**

The client is a major supplier to the printing industry and a division of a substantial international group. It is autonomous, highly profitable, turnover £80m with a strong market position and has plans to develop organically through its existing multi-national network.

The Board appointment carries responsibility for full financial management, reporting to tight deadlines, IT and purchasing. There is a department of 50 staff, including a number of qualified accountants and key tasks will include the ongoing development and implementation of effective costing and information systems.

Candidates should have substantial management experience. Aged 38-45, a graduate chartered or management accountant is required with experience at subsidiary or divisional director level in an international manufacturing group.

The management style is open and dynamic, the prospects are excellent. There is a full range of executive benefits, including bonus potential and the position will appeal to those comfortable in a fast moving progressive group.

Please forward in absolute confidence a full curriculum vitae to Adderley Featherstone plc, 6 Lisbon Square, Leeds LS1 4LY. Tel: 0532 444074. Fax: 0532 451578.

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MANAGING EDITOR

BUSINESS / ACCOUNTANCY

KATO Communications is a successful publishing company, working mainly in the areas of business and accountancy – UK *and* international. This key appointment will help us to meet and manage the growing demand for our services.

We are looking for a qualified accountant (or a financial journalist) with solid managerial experience and a flair for the written word. The post of editorial director could be open to you within a year.

You must be able to manage a small team, write and sub-edit effectively in areas of tax, law and business affairs, and liaise with clients and designers. Prior knowledge of Apple Macintosh would be an advantage.

Salary – in a range £24,000 to £30,000 – will depend on experience and qualification.

Apply, enclosing handwritten letter and cv, to Kate Atchley, KATO Communications, 16 Apollo Studios, Charlton Kings Road, London NW5 2SB; telephone 071–482 6242.

KATO COMMUNICATIONS

BENSON GROUP

BENSON GROUP plc

FINANCE DIRECTOR - SUBSIDIARY COMPANIES

Following a successful rights issue and recent acquisitions, the Group plans to expand rapidly both by organic growth of its existing engineering businesses, and by further acquisitions in due course.

Tight financial control is an important element of our policy, and we therefore wish to recruit an additional qualified accountant to spend a short time at Group before quickly moving to one or more subsidiaries as Finance Director.

Initially based at Wolverhampton, the final location is likely to be in the Midlands.

Applicants should be experienced in all aspects of industrial accounting, computer literate, possess sound analytical and commercial skills, and be capable of logical and original thought whilst working quickly under pressure.

We expect a high degree of commitment and in return you can expect a package of salary and bonus of around £30K p.a., plus fully expensed car, share options, other benefits, and the opportunity to earn higher bonuses for high performance.

Please send your C.V. to

R. Green FCCA, ACMA
Group Finance Director
Benson Group plc
Fordhouse Road
Bushbury
Wolverhampton
West Midlands WV10 9DZ

FINANCE DIRECTOR DESIGNATE

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We are Manufacturers and Distributors and Market Leaders in our particular field. We are looking for a Finance Director Designate who will report to the Managing Director. The person we are seeking will be 30-45 years, holding a recognised accountancy qualification, who will play a significant part in the commercial development of the business and is able to lead and motivate senior staff to maintain and improve computerised information systems. The Appointee must have proven experience of forecasting and budgetary control, and show a successful financial management record.

In return, we offer an opportunity to contribute to a major programme of change, a constant challenge to your abilities and a genuine opportunity to make your presence felt throughout all aspects of our business.

Interested applicants should send a detailed C.V. to:-

HALLIS HUDSON GROUP LIMITED
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Financial Controller

North West **c.£35,000 + car, benefits**

This multi-site £90m turnover furniture manufacturer is a market leader on course to further significantly increase its sales within the next two years. A major capital investment programme is in progress to increase capacity and reduce unit costs. A talented professional is now sought to join the executive team in managing growth and increasing profitability within a dynamic and innovative environment. For a highly committed achiever there are outstanding prospects.

The Role

- Operate a complex monthly reporting package completed to tight deadlines; review in depth and present to operational managers.
- Responsibility for financial accounting systems: statutory reporting; cash management.
- Report to and assist Finance Director with a number of high profile projects, including longer term strategy.
- Maintain regular liaison with all disciplines at Divisional and Main Board levels.

The Requirement

- High calibre Chartered Accountant, with proven track record in profession and industry, age early to mid 30's.
- Effective communicator with sound staff development and motivation skills.
- Strong commercial awareness with a hands-on attitude.
- Potential to grow in the role and accept wider responsibility.

Please apply in writing, enclosing full c.v. quoting Ref: M695.

ASB SELECTION

Amethyst House, Spring Gardens, Manchester M2 1EA. Tel: 061-834 0618. Fax: 061-832 9123

RAM MOBILE DATA

SENIOR CORPORATE STRATEGIC AND FINANCIAL PLANNING OFFICER

Heathrow Area **Executive Conditions**

Having now become established in the UK, the Board of RAM Mobile Data Limited, wish to strengthen the senior management by appointing an individual who will be responsible for undertaking work in the following areas:-

- Financial and Budget Analysis
- Board Meeting Co-ordination
- Business and Strategic Planning
- Budget Preparation and Planning
- Financial Board Presentations
- Treasury activities

Suitable applicants should be able to demonstrate around 5 years experience in all these areas, and have at some time recently, worked for a UK subsidiary of a US parent. Candidates with a business degree, with accounting emphasis, followed by an MBA, would indicate an appropriate background.

Initial interviews will take place during the week of 24th February, and short list interviews during the week of 9th March.

Competitive terms and conditions are available. A full C.V., together with details of current salary etc., should be sent to: Ms. J. I. Standfield, Director of Human Resources and Administration, RAM Mobile Data Limited, Heathrow Boulevard, 280 Bath Road, West Drayton, UB7 0DQ

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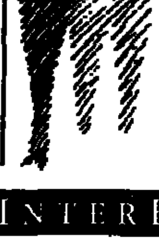

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The Financial Times proposes to publish the Chartered Accountant's PE II examination results on Thursday 27 February 1992.

For further information please call Richard Jones on 071-873 3460

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Financial Controller

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Write Box A1750, Financial Times, One Southwark Bridge, London SE1 9HL